Austria ... Sch. 18	Indonesia Rp 2500	Portugal ... Esc 75
Bahrain .. Din 0.650	Italy .... L 1180	S. Arabia .. Rls 6.00
Belgium BFr.38	Japan Y550	Singapore S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 100
Cyprus .. Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr.7.25	Lebanon .. £L 6.00	Sweden .. Skr 6.50
Egypt ..... E£1.00	Luxembourg LFr 38	Switzerland SFr 2.00
Finland .. Fmk 5.50	Malaysia .. Rin 4.25	Taiwan ... NT $95
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 160
Greece ..... Dr 60	Netherlands Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Nkr 6.00	U.S.A. $1.50
India .... Rup 15	Philippines . Pes 20	

FINANCIAL TIMES

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'Nothing like it since de Gaulle's return', Page 2

NEWS SUMMARY

GENERAL

Namibia ceasefire talks end in failure

Talks in Cape Verde between South Africa and the South West Africa Peoples Organisation broke down after failure to agree on a ceasefire in Namibia.

South African Foreign Minister Pik Botha said if necessary he would continue the 18-year bush war against Swapo guerrillas, who are seeking independence for the territory.

South African administrator general of Namibia Dr Willie van Niekerk, who met Swapo leader Sam Nujoma, said Swapo had insisted that a ceasefire be linked to implementation of UN settlement plan for the territory. South Africa has made the withdrawal of Cuban troops in Angola a precondition.

Boost for Likud

Israel's right-wing Tehiya Party won an extra seat in the Knesset after the counting of soldiers' votes, improving the Likud bloc's chances of forming the next government. **Earlier story, Page 3**

Tripoli clashes

Twenty people were killed and 150 wounded in battles between pro and anti-Syrian militias in the Lebanese port of Tripoli.

Citizenship lost

Soviet President Konstantin Chernenko signed a decree stripping theatre director Yuri Lyubimov, now living in Italy, of his Soviet citizenship.

LA sharpshooters

About 100 sharpshooters from the U.S. National Guard have arrived in Los Angeles with orders to protect "areas vulnerable to attack" during the Olympic Games. **Californians get jumpy, Page 4**

U-boat discovery

Shipwreck hunters claim to have found the remains of the German U-boat that sank the Lusitania in 1915 and those of a Belgian luxury liner whose destruction was covered up in the Second World War.

Libyan warning

Colonel Gadaffi, the Libyan leader, has issued a "final warning" to Sudan to stop training terrorists for assassination and sabotage campaigns against his country.

Violence threat

Striking Bangladeshi journalists and press workers have threatened violent action if the Government does not compel newspaper owners to grant a 39 per cent wage increase.

Disease outbreak

Four people have died of suspected Legionnaires' disease on Italy's Adriatic Coast. Thirty people were taken to hospital suffering symptoms of the disease but were later cleared.

Poles escape

Seven Poles escaped to Sweden in a crop-spraying aircraft and asked for political asylum. Page 2

Tribesmen's threat

Tribesmen in Papua New Guinea are threatening to blockade the Ok Tedi gold mine unless they receive $322,000 in compensation for a spill of cyanide into their local river that has killed fish and crocodiles.

Minister steps down

Mr Mick Young, an Australian Cabinet minister, has relinquished his post pending the outcome of an inquiry into a customs declaration that failed to mention the import of a large toy bear. **Page 3**

BUSINESS

Ford's profits up at $909.1m

FORD MOTORS of the U.S. reported second-quarter net profits of $909.1m or $4.95 a share against $542.2m or $3 a share for the same period last year.

GOLD closed in New York at $333.70, its lowest close since July 8 1982 after rumours, later denied, that Opec was breaking up. In London it had firmed 12½ cents to $343.375, and it was also ahead to $344.25 in Frankfurt and $343.875 in Zurich. **Page 30**

DOLLAR weakened in London to close at DM 2.846 (DM 2.8535), FFr 8.74 (FFr 8.755), SwFr 2.427 (SwFr 2.431) and Y243.7 (Y245.45). On Bank of England figures, its trade-weighted index fell to 136.3 from 136.7. In New York it closed at DM 2.8635, FFr 8.788, SwFr 2.447 and Y244.6. **Page 31**

STERLING fell 15 points in London to $1.331. It was also lower at DM 3.7875 (DM 3.8025), FFr 11.635 (FFr 11.665), SwFr 3.23 (SwFr 3.24) and Y324 (Y327). Its trade-weighted index was down to 79.0 compared with 79.2. In New York it closed at $1.317. **Page 31**

SUGAR prices fell again as speculative buyers avoided the market. The London daily raw sugar price was fixed £3 down at £89 a tonne, its lowest since October 1982, and in futures the October position fell $4.1 to close at $129.1. **Page 30**

WALL STREET: The Dow Jones industrial average closed 10.60 up at 1,107.55. **Section III**

TOKYO blue chips led a rally that took the Nikkei-Dow market average 132.07 higher to 9,932.18. **Section III**

LONDON gilts and equities drew benefit from increased demand. The FT Industrial Ordinary index added 7.3 to 777.5. **Section III**

U.S. M-1 money supply fell this week to $546.6bn.

EEC is to bring in legislation on August 1 to speed up anti-dumping procedures to give companies greater protection from unfair trading. **Page 12**

BRITAIN was second in the world invisible earnings league after the U.S. in 1982 in spite of a fall in its surplus to $10.8bn from $12.05bn the year before, the British Invisible Exports Council reported. **Page 5**

BRITAIN'S balance of payments swung back into a surplus of £103m ($133.9m) on the June current account, despite the miners' strike. **Page 6**

U.S. CUSTOMS plans to increase its enforcement staff and tighten regulations to prevent illegal import of textiles.

HONG KONG: Shareholders with more than 50 per cent of the capital in Tai Sang Land Development intend to reject an offer from the Singapore-based United Industrial Corporation. **Page 15**

NORSK HYDRO, Norway's largest industrial group, is completing negotiations to take control of Mobil's retail petrol stations in Sweden. **Page 14**

KLÖCKNER-WERKE, West German steel manufacturing company, boosted sales 3.6 per cent to DM 3.36bn ($1.2bn) during the six months to March 31. **Page 14**

NUOVO BANCO AMBROSIANO, the successor to the failed Ambrosiano group, won approval to explore prospects for a merger with La Centrale, its financial holding subsidiary. **Page 14**

Production difficulties in London may have resulted in typographical errors in unit trusts, some advertisements and elsewhere in today's edition.

Conti Illinois top management goes in $4.5bn rescue

BY TERRY DODSWORTH AND STEWART FLEMING IN WASHINGTON

The top management of the beleaguered Continental Illinois Bank of Chicago is to be completely revamped as part of a $4.5bn government-backed rescue package revealed yesterday by U.S. bank regulators, led by the Federal Deposit Insurance Corporation (FDIC).

The biggest rescue in U.S. banking history leaves the Reagan Administration open to a charge of effectively nationalising the institution and of favouring large banks over small ones in government-backed rescue schemes.

Continental Illinois' share price ended $⅞ up at $3¾.

The plan, announced to a packed press conference in Washington, is profoundly embarrassing to the free enterprise-orientated Administration in an election year.

It has been trying for two months to find a satisfactory private sector purchaser for Continental which, with more than $42bn of assets at year-end before a liquidity crisis struck in the spring, was the eighth largest U.S. commercial bank.

In the face of repeated questioning on these issues yesterday, Mr William Isaac, chairman of the FDIC, insisted that the agency had not done anything for Continental which was unprecedented.

"This is a private sector bank with a major investment coming from the FDIC, funded entirely by the banking community," he said. "My definition of nationalisation is when a government takes over an institution, using tax payers' money, and runs it and controls it."

The FDIC is appointing Mr John Swearingen, the 65-year-old recently retired chairman and chief executive of Standard Oil Company (Indiana), and Mr William Ogden, aged 56, formerly head of the international division of Chase Manhattan Bank, as the two top executives.

The main points of the package, which will be put to shareholders within the next 60 days are:

- The FDIC will take more than $4.5bn of problem loans from Continental, for which it will pay $3.5bn;
- Continental will have to take a write-off of $1bn on the transfer of these loans, but this will be exactly matched by a $1bn cash injection from the FDIC in the firm of preferred stock. Because of the write-off, the bank will incur a $1.1bn second-quarter loss;
- As a result of these transactions, the bank's equity will be increased from $800m to about $2.2bn, including about $325m of loan loss reserves.
- Sovereign loans totalling $2bn, the bulk of which are subject to rescheduling agreements according to the Comptroller of the Currency, will remain in the bank;
- The assurance given by the U.S. on May 17 to the bank's worldwide depositors against any loss as a result of the Continental crisis, remain in effect until the package is approved by shareholders. It then lapses, but the FDIC promises further unspecified support if the plan does not restore confidence. The $5.5bn of liquidity support provided by a group of major U.S. banks, as

Continued on Page 12

Men and Matters, Page 10; Lex, Page 12; Details, Page 13

Bonn may soon abolish bond withholding tax

BY JONATHAN CARR IN FRANKFURT

THE WEST GERMAN government has announced that it may abolish as early as this summer the withholding tax foreigners face when they invest in German fixed-interest securities.

In a surprise development, Dr Gerhard Stoltenberg, the Finance Minister, said yesterday he attached great importance to the arguments against the tax put forward by the Bundesbank, the central bank.

He planned to report to the Cabinet shortly. If a decision to abandon the tax were taken, it might take effect during the summer.

There was marked satisfaction at the Bundesbank in Frankfurt over the minister's announcement, which, for all its cautious wording, indicates a turnround in Bonn's attitude.

The central bank has long argued privately that the tax – of 25 per cent on domestic bond interest payments for foreigners – has become a damaging anachronism.

It is pointed out that the tax was introduced two decades ago when German authorities wanted to stem an inflationary inflow of foreign funds, whereas today the main desire is to attract funds.

Herr Karl Otto Pöhl, the Bundesbank president, finally went public on the issue last week, urging Bonn to drop the tax and thus help to strengthen the D-Mark especially against the high-flying dollar.

Herr Pöhl said the action was all the more necessary because of the U.S. decision to drop its 30 per cent withholding tax, thus tending to encourage more funds to flow into dollar investments.

Even after Herr Pöhl's intervention, neither the Finance Ministry, nor Dr Stoltenberg's ruling Christian Democrat Party (CDU), showed initial enthusiasm for abolishing the tax.

It was emphasised that a detailed examination should precede any change and that in any case abolition of the tax would probably make little difference to the D-Mark.

Dr Stoltenberg is felt to be sweeping aside those reservations for similar overriding reasons to those expressed by Herr Pöhl. It is felt that the D-Mark has held up against the dollar remarkably well, considering that interest rates in the U.S. are around 6 points higher than those in Germany.

None the less, it is unclear how far the D-Mark would remain untouched by a further widening of the interest-rate gap. Hence the belief that all possible action should be taken, however small its impact.

Backing grows for Strasbourg bid to delay UK budget rebate

BY QUENTIN PEEL IN STRASBOURG

REPAYMENTS of Britain's Ecu 750m ($586) budget rebate for 1983 by the EEC was back in the balance last night with a move in the European Parliament to postpone any agreement until the British Government approves a supplementary budget for the Community.

Political support for the proposal, submitted by Christian Democrats and Liberals, was spreading last night, with the 132-strong Socialist group agreeing to back it, in spite of British claims that the whole exercise was illegal and beyond the powers of parliament.

Now the only real prospect for its defeat, and for the rebate to be paid next month as planned, will be if there is no quorum in the parliament to vote on the measure today.

"It is mad, illegal and unconstitutional, but none the less it is happening," the Marquess of Douro, budget spokesman for the Conservative Group, said yesterday.

The quorum in the European Parliament is 144 out of the 434 members and Friday mornings frequently fail to produce one. The majority of members still in Strasburg on a Friday have traditionally been the British MEPs, who have to wait for the most convenient flight to London.

Members from the other nine states have more convenient connections on Thursday night or first thing Friday morning.

There is therefore a real possibility that no quorum can be reached on the resolution.

Mrs Barbara Castle, leader of the British Labour MEPs, said the Socialist decision to support the move was a tragedy. She said the whole exercise was simply "a device for ensuring that when the time comes, Britain will be told she can get her own money back only if she pays for it by putting more money in."

The move to hold back the rebate has come as a surprise to the British members and officials, who believed that a final decision to pay it had been taken by the Budget Committee of the old parliament on July 12.

However, Britain's refusal to approve a supplementary EEC budget for 1984 to finance increased farm spending has infuriated many MEPs, already upset at the agreement at the Fontainebleau summit last month on a longer-term British budget rebate deal.

"Before the committee voted on July 12, we considered very closely the legality of our position," Lord Douro said. "At that stage, everyone agreed it was final. The principle has never been questioned before."

The rebate was previously held up by the parliament, exercising its powers of control over the EEC budget, because of the dispute over Britain's longer-term budget rebate. The Fontainebleau agreement effectively answered that question.

MEPs were yesterday circulated with a letter from the chairman and rapporteur of the old Budget Committee, informing the parliament of its decision and asking it to "take note." The decision was deliberately taken out of the regular committee report to parliament because of its particular importance.

Row over jobs share out, Page 2

Shearson to buy control of UK broker

By John Moore and Ray Maughan in London

SHEARSON Lehman/American Express, the U.S. brokerage and investment banking group which forms part of American Express, is planning to buy full control of L. Messel, a major UK stockbroker.

At the same time Grindlays Holdings, the international bank which is to be acquired by Australia and New Zealand Banking Group, announced that it would take a 29.9 per cent holding in Capel-Cure Myers.

CCM ranks itself 14 in the ratings of London stockbroking firms. Grindlays will take full control as soon as Stock Exchange rules allow.

In another deal in the continuing upheaval in the British securities market Security Pacific, the U.S. West Coast banking group, said it was negotiating for a 33.1 per cent stake in John Govett, the London fund management group which controls £750m ($990m) in investments.

Earlier this week Security Pacific announced its intention to increase its stake in Hoare Govett, one of the largest British stockbrokers, from 29.9 per cent to between 80 per cent and 90 per cent once Stock Exchange rules in London are relaxed.

Neither Shearson nor Grindlays would disclose the price they were paying for their investments. Initially Shearson is acquiring a 5 per cent stake in Messel but will acquire 100 per cent when Stock Exchange rules are relaxed.

Mr Edwin Gill, chairman and managing director of Shearson Lehman/American Express, said in London yesterday: "We are delighted to be joining forces with a long-established City firm which is held in such high regard.

"We recognise that London is the financial capital of Europe so that, with increasing globalisation of investment, we welcome the opportunity to gain direct access to the Stock Exchange here."

"This participation will establish a strong presence for us in the City in preparation for 24-hour trading in the world's stock markets."

The move marks the first proposed acquisition of a London stockbroker by a Wall Street securities firm, although two U.S. banks, Citicorp and Security Pacific have acquired minority stakes in UK stockbrokers.

Messel has 44 partners and about 270 staff. Capel-Cure Myers has 38

Continued on Page 12

Revolution gains pace, Page 6

ICL rejects £356m STC takeover bid

BY GUY DE JONQUIERES AND ALEXANDER NICOLL IN LONDON

STANDARD TELEPHONES and Cables (STC), the large UK telecommunications and electronics group, yesterday launched a £356m ($473m) takeover bid for ICL, the largest British-owned computer manufacturer.

ICL rejected the surprise offer as "totally inadequate." The bid followed a "dawn raid" early yesterday in which STC acquired 9.8 per cent of ICL's shares at 77p per share, against a closing price of 61p on Wesnesday. ICL shares closed yesterday at 84p.

STC is offering two of its own shares for every seven ICL shares, at yesterday's closing price of 276p for STC, down 28p, the offer values ICL shares at 79p each. Alternatively ICL shareholders could opt to receive 77p cash per share.

STC is 35 per cent owned by ITT of the U.S., which has three directors in STC's board and said that it fully supported the bid for ICL.

If the ICL takeover went ahead, ITT's stake in STC could fall to as low as 26 per cent.

The proposed merger would create a new group with 51,000 employees and sales of about £2bn a year, covering a wide range of computers and telecommunications products. STC's turnover last year was £920m, while ICL had sales of £845m.

Mrs Margaret Thatcher, the Prime Minister, told the House of Commons yesterday that the bid would be examined by Mr Norman Tebbit, the Trade and Industry Secretary, after taking advice from the director general of fair trading.

Sir Kenneth Corfield, STC chairman, said there were "extremely compelling commercial reasons" for a merger which would combine the technologies of communications and computing to address the fast-growing market for electronic business and office systems.

He expected ICL's sales and marketing force – about two-thirds of the company's 22,000 staff – to provide new marketing channels for STC, which has a much smaller commercial marketing presence.

ICL said that STC was "not alone in recognising ICL's strengths" and that it was easy to understand why STC was interested. ICL's board, chaired by Sir Michael Edwardes, strongly recommended shareholders to take no action, however.

ICL is Britain's only manufacturer of large "mainframe" computers. Sir Kenneth made clear, however, that he was principally interested

Continued on Page 12

Editorial comment: The thinking behind STC's strategy, Page 10; Lex, Page 12

Craxi seeks rapport with Communists

BY ALAN FRIEDMAN IN MILAN

A THAW in the extremely frosty relations between Sig Bettino Craxi's five-party governing coalition and the opposition Communists appeared to be developing yesterday as the Prime Minister prepared for final discussions today with his coalition partners on a programme that might keep his government afloat for a few months more.

Minor adjustments to the Cabinet are expected as a result of the resignation this month of Sig Pietro Longo, the Budget Minister, after allegations that he had been a member of the outlawed P-2 freemasons' lodge.

The five parties in the coalition – the Christian Democrats, Sig Craxi's own Socialists, the Republicans, Liberals and Social Democrats – are understood to be close to agreement on the shape of the Cabinet and the programme after nearly a week of negotiations.

Greater interest is now focused on the thaw in relations with the Communists, which began on Wednesday when a meeting of parliamentary leaders received a message from the Communists offering to co-operate more closely in parliament.

That was followed by a statement from Sig Craxi that he was interested in a "better and more constructive rapport" with the Communists, who now have a new leader, Sig Alessandro Natta.

Sig Craxi's remarks were quickly echoed by leaders of other parties, including the powerful Christian Democrats.

Finally, L'Unita, the official newspaper of the Communist Party, wrote yesterday in response to the Prime Minister's remarks: "We take these words as sensible. This could be a turning point."

CONTENTS

British MEPs furious over jobs shareout

BY QUENTIN PEEL IN STRASBOURG

BRITAIN'S new European MPs have joined battle with a vengeance in the political warfare of the European Parliament, and all the signs so far suggest they are losing out badly in the struggle with their continental rivals.

Both the Labour and Conservative groups of MPs elected to the parliament in June are up in arms over the allocation of jobs on the key committees.

At the same time the Labour group, dominated by left-wing and anti-EEC members, is already at loggerheads with the rest of the Socialist group over the tradition of secret voting on group decisions.

The 32-strong group, led by Mrs Barbara Castle, a former UK Cabinet minister, was accused by a leading Dutch Socialist yesterday of using "Stalinist tactics" in inspecting the ballot papers to ensure that all group members voted as instructed.

The Labour members have also caused an uproar in the group by refusing to support Mr Piet Dankert, the former president of parliament, as the new budget committee chairman, switching support instead to M Jean-Pierre Cot, former minister in President Francois Mitterrand's French Government.

The key jobs in the European Parliament are allocated according to a precise and complex formula among the different political groups, and within those groups among the different factions.

The Labour members claim they have not received their fair share from their fellow Socialists.

Mr Alf Lomas, deputy leader of the Labour group, claimed that there had been a change of rules "to suit the non-British majority."

The Labour members have only won one vice-presidency of the parliament, Mr Win Griffiths, and one committee chairmanship, Mr Barry Seal in the economic and monetary affairs job.

British Conservative MEPs are also upset that the agreement they made with the Christian Democrat group has not paid off.

The Conservatives' candidate for parliamentary president, Lady Elles, was supposed to be elected senior vice-president after she agreed to withdraw and back M Pierre Pflimlin, a Christian Democrat.

The Christian Democrats, however, ensured that two of their own candidates topped the poll, leaving Lady Elles only third in seniority.

The Conservatives are also furious that the Christian Democrats have introduced an amendment seeking to stop Britain's budget rebate for 1983 being paid despite former expressions of firm solidarity on political issues.

Oslo seeks redress for seaman's death

BY FAY GJESTER IN OSLO

NORWAY'S Government will demand that Libya punish officials who beat a Norwegian seaman to death, and badly hurt two others, during brutal questioning about an alleged spy plot the Foreign Ministry in Oslo said yesterday.

The men's ship, Germa Lionel, was allowed by the Libyans to leave Tripoli only recently, after having been under arrest for ten weeks.

For most of this time, nothing was known here about the cause of the seaman's death, or even why the ship was being detained.

Yesterday Oslo detective chief Mr Arne Huuse gave details of facts uncovered by a Norwegian police team, which flew out to Tripoli to investigate the incident.

He said Libyan sources had claimed that the man's fatal injuries were self inflicted, giving two different versions – he had jumped from a moving car, or he had jumped into the ship's hold.

According to other crew members, he was first beaten to death and then flung into the hold.

The Libyans' suspicions were apparently aroused by a fault in the ship's electrical system, which made its lights flicker as if it was signalling to shore.

Local security forces were edgier than usual at the time – the Germa Lionel arrived in Libya only three days after the abortive May coup against Colonel Muammer Gadaffi.

Carrington talks with Athens on Nato ties

NATO'S new secretary-general, Lord Carrington, arrived yesterday for talks with Greece's Socialist Government on its troubled relations with the alliance, Reuter reports from Athens.

The Greek Socialists want to withdraw from Nato in the long term, saying that it contributes to cold war tension. They are also withholding short-term co-operation from Nato in many areas because of Greek-Turkish disputes.

Greece boycotts all Nato manoeuvres in the Aegean beause they exclude the island of Lemnos. It says the exclusion implies acceptance of Turkey's view that Lemnos cannot be militarised.

It has also refused to set up a Nato command in the town of Larisa till it gets full operational control over the Aegean.

Diplomats said Lord Carrington's talks with President Constantine Karamanlis and Prime Minister Andreas Papandreou would be exploratory, and they did not expect early solutions to the long-standing problems.

Nato's supreme commander in Europe, General Bernard Rogers, discussed control of the Aegean in Athens earlier this month but Greek officials said no progress was made.

Greece insists that its operational air space control in the Aegean should be restored to the status existing before Greek withdrawal from the military wing of Nato in 1974 when Turkey invaded Cyprus.

The air space control question was left open when Greece rejoined the military wing in 1980.

Dublin pub strike threat

BY BRENDAN KEENAN IN DUBLIN

ANXIOUS DUBLINERS will tune into their early morning radio bulletins today to discover if the city's barmen are going on strike for the first time in 30 years.

About 3,500 Dublin members of the Barmen's Union went to a midnight meeting to decide whether to go on strike from Saturday, which would leave the city facing the unpleasant prospect of a dry weekend.

The barmen are seeking a 15 per cent pay rise but the city's 700 publicans say they can afford only 5 per cent and they want the barmen to agree to more flexible working hours.

Dublin barmen are a professional and highly unionised group and are reluctant to concede any change in their working conditions. High government taxes on drinks have brought the price of a pint of Guinness to the equivalent of £1, and publicans claim sales have fallen 20 per cent in the last few years.

Some smaller family-run public houses are expected to stay open of the strike goes ahead, which is some relief for customers but will add to the pressure on barmen and publicans to reach an early settlement.

Swiss current account surplus

BY JOHN WICKS IN ZURICH

SWITZERLAND'S current account surplus last year amounted to SwFr 7.4bn ($3bn), 9.8 per cent lower than the previous year but still more than capable of covering the traditional deficit on trade.

These figures reflecting trade, services and capital transfer were released by a government committee in Berne yesterday. The same committee foresaw a similarly large surplus for 1984.

It pointed out that during the last 20 years the current account, has only been in deficit in 1964, 1965 and 1980.

The income of SwFr 7.4bn compared with SwFr 8.2bn in 1982 indicates that the trade deficit has increased.

Switzerland has lagged somewhat behind the U.S. in its resumption of growth judged in terms of gross national product, but according to the Swiss National Bank, this growth rate should almost double to reach between 2.5 and 3 per cent in 1984 compared with last year.

The resultant growth in trade has been partly responsible for the fall in the size of the current account surplus.

In 1983 the trade deficit was decidedly higher than the previous year, the committee said.

In terms of capital revenues, the committee made the point that the fall in interest rates had been influential on receipts.

David Housego reviews the headlong pace of political change in France over the past two weeks

'Nothing like it since De Gaulle's return to power'

"THERE HAS not been an occasion like it since de Gaulle's return to power at the height of the Algerian conflict," said one official the other day summing up the political drama of the past fortnight.

These *coups de theatre* have come in quick succession: President Francois Mitterrand's unexpected project for a referendum; the appointment of France's youngest Prime Minister in more than 100 years; the withdrawal of the Communists from the coalition of the Left; and the opposition's demand for the dissolution of the National Assembly.

Civil servants have scampered back from holiday to take stock of the changes in their ministries, for, while there are few fresh faces in the new government, there has been a substantial reshuffling of portfolios.

The witty headline writers on the daily newspaper Liberation, provided relief one morning by announcing on the front page that nothing of importance had happened in France the day before—"which is an event in itself."

Nobody believes that the pace will let up. "France has entered a period of political turbulence," proclaimed M Bernard Pons, secretary-general of the neo-Gaullist RPR party on Sunday after M Jacques Chirac, its leader, had done his best to keep the temperature on the boil by demanding that the National Assembly be dissolved.

After a brief respite in August, France faces the prospect of a referendum campaign in September on civil liberties. That looks like being the beginning of a long electoral battle that will stretch through the legislative elections in 1986 and the presidential elections two years later.

The central feature to have emerged from the upheavals in the political landscape over the past fortnight is the paradox of an isolated Socialist Party, now ruling on its own, supported by the left-wing 21 per cent of the electorate, but pitching its policies increasingly to the centre and the right.

M Laurent Fabius, the new Prime Minister, decided against broadening his government by offering posts to representatives of the centre or to non-political personalities. Instead, the cabinet has a more left-wing tilt with the inclusion of two barons of the Left—M Jean Pierre Chevenement and M Pierre Joxe.

However, in his statement of policy to the National Assembly he went far further than had been expected, from a government that would like the Communists' support, in espousing anti-inflationary goals, corporate profitability and international competitiveness.

The generous language of Socialist brotherhood, of nationalisation and intervention is now a thing of the past. "The differences between Left and Right has virtually been erased," wrote M Guy Claisse, the political commentator of Le Matin, the pro-Socialist newspaper, reflecting the long march the Socialists have made from their half-Marxist origins to their new perch alongside Europe's Social Democrat parties.

The new businesslike image of the Government indicates that President Mitterrand wants the Socialist to campaign in 1986 on a platform of cutting taxes, reducing inflation, and streamlining industry that has been the base-line defence of other unpopular governments in Europe's recession.

"I have no other ambition," said M Fabius on Tuesday, "than to prepare the future of France" — implying that the government is going to take its chance in pursuing unpopular policies in the hope that the electorate in 1986 will credit it for the achievement.

Two clouds hang over his chances of success. The first is that he has a record of ignoring in practice what he preaches—canvassing industrial efficiency while seeking to bail out lame-duck industries like Chappelle Darblay, the newsprint producer, or Creusot-Loire, the crippled heavy engineering concern.

The new businesslike image of the Government indicates that M Mitterrand wants the Socialists to campaign in 1986 on a platform of cutting taxes, reducing *inflation* and *streamlining* industry that has been the baseline defence of other unpopular governments in Europe's recession. "I have no other ambition than to prepare the future of France," says M Fabius.

The second is that it is unclear how he will react under fire once the Communists, their CGT union and the opposition regain their wind. In the past, he has tended to cut and run, but timid Ministers of Industry can make brave Prime Ministers.

For the Socialist Party itself, the past fortnight has been traumatic. In the National Assembly many of the deputies applaud the shift in direction as a belated recognition of reality. But the rank-and-file feels itself at sea, particularly after President Mitterrand's withdrawal of the private schools' Bill. For Socialist militants, many of whom are school teachers, the integration of the state and private systems was a pillar of the Socialist faith.

Within the party hierarchy, the most demoralised group, paradoxically, is that of the supporters of M Michel Rocard, a former contender against M Mitterrand and the party leader who has longest espoused social democrat values. The shift to the centre has been accomplished with a further eclipse of M Rocard's influence and a diminution of the number of posts his followers hold in the Government.

But whatever the doubts within the party about the change in policy, its members now know that they have no choice but to stand together and keep their criticisms to themselves.

By contrast, the Communists are already glowing with the freedom to be outspoken that pulling out of the Government has restored to them. Yesterday's front-page headline in L'Humanité proclaimed: "Alas, France now has the highest unemployment rate in Europe." Such jabs against government policy can be expected to grow as the Communists stiffen their resistance to jobs cuts and losses in purchasing power.

The Communists and M Jean-Marie Le Pen's extreme right-wing National Front, which both won 11 per cent of the votes in last month's European elections, are now the parties of popular discontent.

For the Government the main disadvantages of the Communists' departure is that in industrial disputes it can no longer count on the complicity of the CGT union in drafting a solution. The Communist-led union had a backdoor entrance to the Prime Minister's office which is now closed. Increased CGT militancy is bound to rub off on other unions competing with them for worker support.

Since the European elections, the opposition—that disparate grouping which encompasses M Chirac's RPR, the centrist UDF and now the National Front—has shifted from hostility to the Government, to outright war. It sees the Socialists weakened by the meagre 21 per cent they polled in the European vote and by the departure of the Communists.

Its rank-and-file is impatient for blood. As the opposition attitude over the private schools issue and the referendum has shown, it has moved to blocking government business in the hope of first paralysing the administration and then of destabilising it.

None the less, the opposition parties have had the wind taken out of their sails by M Mitterrand's initiatives. The appointment of a 37-year-old Prime Minister makes their own leaders look like tired war horses.

M Mitterrand has conceded their point over private education. He has stolen their clothes in adopting many of their economic policies.

Over the referendum, the opposition remains uncertain how to respond. It does not want a vote in September that could be transformed into a plebiscite for M Mitterrand, re-establishing the moral authority he lost in the European elections. Hence, its proposal that if there is to be a popular consultation it should be through fresh elections to the National Assembly.

As for M Mitterrand himself, his claim so far to a place in history has been as the man who united the French Left and carried it to victory. He has now begun a fresh career as a social democrat leader attempting to establish the Left as a credible long-term alternative government shorn of its Marxist past.

He was credited with having staged a masterly tactical stroke in calling for the referendum. He then seemed to have lost control of events with the resignation of Prime Minister Pierre Mauroy and the departure of the Communists.

With the appointment of M Fabius, as the right-wing magazine Hebdo proclaimed on its front cover this week, he has played "his last joker."

Glemp visit draws Press fire

By Christopher Bobinski in Warsaw

POLAND'S Roman Catholic leader, Cardinal Josef Glemp, left Warsaw yesterday to attend religious ceremonies in West attacks in the Polish Press dir- Germany amid a flurry of ected against Catholic bishops in that country.

Poland is critical of the fact that the church in West Germany appoints separate "apostolic administrators" to minister to the spiritual needs of those Germans who fled territories which were transferred to Poland after the last war. In Warsaw's view this constitutes a refusal to recognise Poland's western border as permanent.

The issue is an embarrassment for the Polish church which is privately unhappy with the eWst German situation.

The cardinal's six-day visit comes against a background of cool official relations between Bonn and Warsaw.

General Wojciech Jaruzelski, Poland's military leader, warned last weekend against the danger of a revival of "pan-German expansionism, fanned under the pretext of unification."

Reuter adds: Poland's draft economic plan for 1985 envisages a trade surplus with Western countries of almost $1.7bn, and the money will be allocated for paying foreign debts, official newspapers said yesterday.

Quoting directives from the State Planning Commission, they said exports to the West were planned to rise by 6.3 per cent over this year's expected levels and imports by 10 per cent.

The surplus would be about the same as this year's. According to the main statistical office, Poland's trade surplus with the Westin the first half of the year was Zl 85.6bn (£594m).

Sales of Dutch natural gas rise by 5%

By Walter Ellis in Amsterdam

SALES OF Dutch natural gas rose by 5 per cent during the first half of this year, to just over 44bn cubic metres. Income from gas is crucial to the Dutch economy

The improvement is due to several factors. The weather in the Netherlands this year has been unusually cold. Even in June, heating remained switched on in many homes.

Sales to Dutch industry rose in line with increased productivity, notably in the chemicals sector. Power stations continued to switch from oil to gas-firing, and this too, added to demand.

Gas exports improvement was less marked, however. Sales were just 2 per cent up in the first half.

Dutch visible trade, showed an unadjusted provisional surplus of Fl 2.2bn (£514m) in May, compared with Fl 1.2bn in the same month last year.

For the first five months, the surplus is Fl 8.3bn, against a January-May total for 1983 of Fl 7.2bn. Exports reached Fl 90bn during the five months —up from Fl 76bn—while imports were up from Fl 69bn to Fl 82bn.

EAST GERMANY PLAYS DOWN HUMANITARIAN CONCESSIONS

Bonn wary of East bloc's reaction on credit

BY RUPERT CORNWELL IN BONN

Genscher: pace-setting

WITH AN anxious ear pricked for reaction from Eastern Europe, West Germany has proclaimed the new agreements between Bonn and East Berlin as an important contribution towards reducing international tensions.

According to Herr Hans Dietrich Genscher, the Foreign Minister, West Germany's DM 950m (£250m) credit and the humanitarian concessions from East Germany constituted a "pace-setting example." At an awkward moment for East-West relations in general it was one that should not be underestimated, he said yesterday.

The East German Press yesterday carried a brief report about the loan itself. However, it made no mention of the various measures to ease human contacts between the two parts of divided Germany, which Bonn stated publicly on Wednesday would come into force on August 1.

Such reticence is standard procedure, and also keeps up the pretence that the credit and the reciprocal concessions by East Germany are independent of one another.

But the current propaganda broadsides being fired by its allies Poland and the Soviet Union, alleging a return to dreams of a "Greater German Reich," and a new "militarism" on the part of West Germany, are added motives for discretion by East Berlin.

Even so, and despite some disappointment that the East German measures do not go further, Bonn officials have talked of further progress when President Erich Honecker pays his keenly awaited "working" visit to West Germany between September 26 and 29.

New agreements, perhaps in the cultural and environmental fields, are the most widely touted possibilities.

At the same time, spokesmen here have done little to remove speculation that further West German credits for the East could be on the way, next year and in 1986, if the thaw continues.

Terms of loan deal disappoint West Berlin

BY LESLIE COLITT IN BERLIN

WEST BERLIN reacted yesterday with disappointment to the humanitarian concessions East Germany has agreed to make in return for the DM 950m bank loan guaranteed by the West German government.

Although the city is ruled by the same Christian Democrat-led coalition as in Bonn, CDU politicians here criticised the "superficiality" of the concessions. Herr Philipp Jenninger, Bonn's Minister of State in the Chancellor's office, had called the East German measures "very positive" when he announced them on Wednesday in Bonn.

The muted West Berlin reaction was largely in response to East Germany's promise to reduce its currency exchange requirement for Westerners entering the country. From the start of next month pensioners and invalids will only have to exchange DM 15 for East German Marks, against DM 25 at present.

The figure was tripled for all visitors from the West in August 1980 in order to cut back drastically on the number of West Germans and West Berliners visiting East German relatives and friends. It was successful in cutting visits by half.

The then Social Democrat Government in Bonn and the CDU accused East Germany of striking at the heart of relations between the two states. They vowed to roll back the exchange increase in future negotiations.

West Berlin's CDU politicians have been joined in their criticism by the opposition Social Democrats in the city in regretting that the reduction in the exchange fee did not apply to people below pension age.

Politicians of both parties noted that no progress had been made in convincing East Germany to lower the age under which its citizens are permitted to visit West Germany. Apart from some exceptions, only East Germans above retirement age are able to visit the West. This shackle on travel, however, is seen as one of the main reasons so many East Germans apply to leave the country and often risk their lives to escape from it.

Recovery in construction begins to slow

BY JOHN DAVIES IN FRANKFURT

BUILDING ACTIVITY in West Germany is already showing signs of losing momentum after its recovery from recession, and builders are increasingly concerned about prospects for next year.

The inflow of new orders for building work has been tapering off and the volume of orders on hand has declined, on average, to below the level a year ago.

Because of the time lag in carrying out work, many large building concerns expect improved results from domestic building activity this year, but prospects further ahead are less certain.

The plunge in the volume of activity came to a halt last year, aided by measures taken by the Government to stimulate construction. The value of building work was 0.7 per cent ahead of 1982 in real terms, but it was still 8.4 per cent below the 1980 level.

Although orders are showing signs of weakening, the amount of work already under way is expected to result in real growth of 4-5 per cent in building volume this year.

However, with building activity becoming more sluggish, 1985 is expected to produce a real rate of growth of perhaps 2 per cent for the industry, with the second half of the year possibly seeing an absolute decline in work.

The Ifo economic research institute says that order books have shrunk to a "very low" level. On a seasonally adjusted basis, companies had orders on hand in June lasting only two months, compared with 2.4 months a year ago. In its survey of companies, nearly 70 per cent felt order books were too small for comfort.

West German manufacturing industry is suffering from a drop in orders in hand despite lower output levels largely due to the recent seven - week metalworkers' strike, according to the IFO economic research institute, Reuter reports from Munich.

Utilisation of equipment was also lower last month than a year ago. Ifo puts it, on a seasonally adjusted basis, at 53 per cent compared with 55 per cent last year.

Increasing competition for orders has led to intense competition which has put a sharp brake on the rise in building prices.

Builders have attributed the worsening of prospects to a combination of factors, including doubts about the general economic trends, continued high unemployment and the tight rein on government spending, which has drastically curbed public sector projects.

In the long run, the outlook is dampened by the likely decline in the population and indications that real income may continue to grow only moderately.

Protests force delay in power station plan

BY OUR BONN CORRESPONDENT

FIERCE environmentalist protest from both the opposition and its own ranks has forced the West German Government into an embarrassing rethink of its plan to bring a new power station into service at the start of next month.

The power station concerned is the coal-burning plant at Buschhaus in Lower Saxony, close to the East German border. Although it will not be fitted with sulphur-reducing filter equipment until 1987 or 1988, the Government had been determined to bring it on stream at once, to protect up to 1,000 jobs in the mining industry.

In doing so, however, it both ignored a recommendation by Parliament that the start-up be delayed on environmental grounds, and appeared to contradict its own proclaimed drive to reduce the pollution which is causing wide damage to the country's forests and waters.

The formal Buschhaus go-ahead was originally due to have been given at the cabinet meeting on Wednesday. A decision, however, has now been put back a week to allow Herr Friedrich Zimmermann, the Interior Minister, to put the Government's case today to an emergency session of Parliament's home affairs committee.

Under revised plans, a nearby power station will be shut down and less sulphurous brown coal be burnt at Buschhaus, to keep total emissions in the area under control. But even this concession may not be enough for the Government to win the day.

Both the opposition parties, the Social Democrats and the radical Greens, bitterly contest an early start-up for Buschhaus. They argue also that the centre-right coalition has breached the constitution by not heeding the wish of Parliament. More seriously, the Free Democrats, junior partners in the coalition, also says the compromise plan is not enough.

The entire episode reveals how raw is the environmentalist nerve in contemporary West Germany. Moreover, it hardly fits in with Bonn's much trumpeted campaign to reduce atmospheric sulphur pollution, over which it staged a lavish—and indeed successful—international conference in Munich only a month ago.

As a final irony, the conference was chaired by Herr Zimmermann himself, who has been of late the loudest voice of all in the Government in favour of more stringent environmental controls.

Gonzalez starts social pact talks

By Tom Burns in Madrid

SR FELIPE GONZALEZ, Spain's Prime Minister, opened a round of tripartite negotiations with employers and unions yesterday, seeking to cement a comprehensive two-year social pact.

This is the first time that Sr Gonzalez has attempted such an agreement and it comes in the wake of government optimism over moderate growth for the period 1985-87.

Government officials said the meeting aimed to establish a timetable for negotiations. The goal would be agreement on a social pact in September.

Spokesmen for the employers said that priorities were centred on reduced government spending and greater stimulus for private investment. Unions were seeking price controls, increased unemployment benefit and pensions and more effective steps to create jobs.

Sr Gonzalez had held separate meetings last week with the president of the employers' confederation and with the leader of the Union General de Trabajadores, UTT, the Socialist affiliated union. Also present at the talks yesterday was Snr Marcelino Camacho, who heads the Communist dominated trade union Comisions Obreras.

Comisions Obreras, which has been the chief critic of the government's austerity measures in the past year, was understood to be seeking in addition greater public investment and a 38-hour-week.

The hoped for social pact echoes the so called Moncloa agreements in 1975 during the premiership of Snr Adolfo Suarez. These, which have remained a point of reference in Spanish political life, established a vital framework for planning economic policy at the time. Unions accepted wage restraints in return for social security improvements and employers accepted tax increases in return for the liberalisation of the financial system.

Snr Gonzalez is clearly hoping that the social pact will assert the Government's control of the economy through to general elections which are due in 1986 and revive its flagging political image.

According to an economic forecast for the period 1985-87 prepared by the Treasury, average growth during the three years will be between 3 and 3.5 per cent against an expected growth this year of 2.5 per cent. Domestic consumption will grow by between 1 and 1.5 per cent in 1985 and by 2 per cent for the next two years.

The forecast says that between 60,000 and 100,000 jobs will be created in 1985 and between 100.00 and 150,000 jobs in 1986 and in 1987.

French inflation up

French retail prices rose by 0.5 per cent in June after an identical rise in May, confirming a provisional figure given earlier this month, the national statistics institute, Insee said, Reuter reports from Paris.

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Howe seeks to calm Hong Kong fears over future

BY DAVID DODWELL IN HONG KONG

SIR GEOFFREY HOWE, Britain's Foreign Secretary, was at pains yesterday to calm the fears of Hong Kong people over their future as he stopped off in the colony before a four-day visit to Peking.

He said at an airport press conference that the issue of Hong Kong's future remained one of Britain's highest priorities, and that Britain was doing its utmost to reach an agreement with China "which best serves the interests of the Hong Kong people."

Hong Kong will return to Chinese sovereignty in 1997, when Britain's lease on 92 per cent of the territory expires. Secret Sino-British negotiations on the future of the colony began almost two years ago. The 19th round of talks in Peking ended yesterday.

Sir Geoffrey said that negotiations were "still on course," although a number of issues remained to be resolved. He reaffirmed that both China and Britain were agreed that Britain would be responsible for the government of Hong Kong up to 1997.

He also emphasised that Britain's objective in the Sino-British talks was a binding and detailed agreement which would "preserve a high degree of continuity and autonomy in Hong Kong after 1997."

These comments were aimed at quelling recently expressed fears that Britain's negotiations with China had run into difficulties, and that China might go ahead with its own plans for Hong Kong if Britain failed to reach agreement by September.

Sir Geoffrey will meet today with unofficial members of Hong Kong's Executive and Legislative Councils before leaving for Peking with Sir Edward Youde, Hong Kong's Governor. The "unofficials" are expected to press the Foreign Secretary hard for the veil of secrecy to be lifted from the Peking talks.

● The president of the American Chamber of Commerce in Hong Kong said yesterday that U.S. businessmen were "essentially optimistic" about the future of Hong Kong. He said. Britain and China "have an equal self-interest in keeping Hong Kong as it is."

Hong Kong exports up 49 per cent, Page 5

Peking curbs unproductive construction investment

BY MARK BAKER IN PEKING

CHINA appears to have controlled a rash of private and non-productive capital construction investment which was undermining the national economic planning strategy.

Statistics for the first half of this year show a significant drop in the level of construction spending outside the state budget after several years of substantial growth.

Private construction of dwellings and uncontrolled capital construction by local authorities and collective enterprises has put severe strains on raw materials supplies and held up many key projects under the state plan.

The latest figures, released today by the State Statistical Bureau, show that "self-raised" and other non-government investment declined by 4.2 per cent in the six months to June, compared with the same period last year.

The bureau said that investment on capital construction by state enterprises grew by 9.3 per cent to 21.73bn yuan (US$9.5bn).

Investment directed from the state budget grew by 21.7 per cent and foreign investment grew by 13.8 per cent, but no actual figures were given.

"In recent years we could not guarantee investment on key state projects because there was too much investment through self-raised funds, but this has been changed due to great efforts by the central government and the localities," said Xu Gang, the deputy director of the bureau.

One of the main measures in bringing investment under control was a tax introduced late last year on unauthorised construction.

China's industrial output was worth 331.3bn yuan in the first half of this year, an 11.6 per cent increase on the same period last year.

There was even growth in both heavy and light industry of about 11.5 per cent, with light industrial output totalling 163.1bn and heavy industrial output totalling 168.2bn yuan. Energy output increased 8.5 per cent.

The bureau reported a record summer grain harvest of 85m tonnes, over 4m tonnes more than last year.

Iran-U.S. claims tribunal makes slow progress

By Walter Ellis in Amsterdam

THE IRAN-U.S. claims tribunal in the Hague, which has now completed three years of work, has managed to settle only 166 out of a total of 3,800 claims for compensation between companies in two countries.

According to Mr Christopher Pinto, secretary-general of the tribunal, a mere $200m has been paid out so far. Outstanding claims run into billions of dollars. Nearly 900 of those yet to be resolved are for sums of more than $250,000.

The tribunal was established after hectic diplomatic wrangling in the wake of the American Embassy seige in Tehran in 1979, when more than 50 U.S. diplomats and others were held hostage for more than a year.

Mr Pinto, a Sri Lankan diplomat, said that of the 166 claims met so far, 65 were for less than $250,000 and 101 for more than this amount.

He said that continuing bad relations between the U.S. and Iran placed pressure on the tribunal on a daily basis.

Likud confident of extra seat in Knesset

By David Lennon in Tel Aviv

THE RULING Likud Party, was confident that one crucial extra seat in the Knesset will be added to the right-wing bloc after the unofficial results of the soldiers' votes, the last to be counted, became known last night.

Tension mounted among the parties yesterday as the tallying of the votes cast in army camps went on in the Knesset all day.

All the parties were anxious to know the final number of parliamentary seats which each won in this week's general election.

Because the election finished with the two main parliamentary groups holding an almost equal number of seats, even a one seat gain by the Left or the Right could mean the difference between being able to form a coalition, or having to sit on the opposition benches.

Party leaders said that either the Likud or its right-wing allies the Tehiya Party, had picked up one extra seat. They were hoping that this would be at the expense of the opposition Labour party, or its ally the Citizens' Rights Movement.

Nigerian judge criticises 'harsh' press decree

BY ANDREW GOWERS IN LAGOS

A SENIOR Nigerian judge yesterday criticised a government decree curbing the press as "harsh" and said it could lead to "absurdity and injustice."

Chief Justice Joseph Adefarasin was speaking in the Lagos High Court on a case brought by Nigeria's Guardian newspaper two of whose senior journalists have been jailed under the so-called Decree 4 for publishing a falsehood.

The decree makes it an offence to publish any statement which is "false in any material particular" or which brings the military authorities or their officials "to ridicule or disrepute."

The Guardian went to court to seek a clarification of the wording of the law. It wants to know whether it is an offence to publish a true statement which is embarrassing to the authorities.

The judge declined to rule on this issue yesterday, declaring the matter beyond his jurisdiction. But he added that if this view were overturned in a higher court, then his ruling would be that it was indeed an offence to publish true but embarrassing statements. This fact, he said, could lead to absurdity and injustice. "The provision may seem harsh but it is none the less the law of the land. No one can question it."

The Guardian plans to appeal against the judgment.

● Talks between the South African Government and Swapo (South-West African People's Organisation) guerrillas broke down overnight without any progress being made towards independence in Namibia, Reuter reports from Praia, Cape Verde.

Although the two sides, led by Mr Sam Nujoma, the Swapo leader, and Mr Willie Van Niekirk, South Africa's administrator-general in Namibia, agreed on some points, they failed to conclude a cessation of hostilities and no further meetings were scheduled, the officials said.

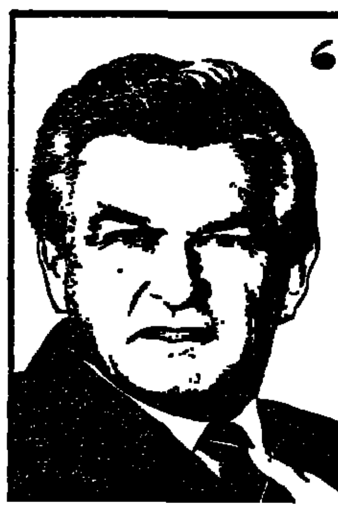
Colin Chapman in Sydney reports that the Hawke Government plans a highly interventionist policy

Business in Australia to be tightly controlled

FOR BUSINESS, there was a painful sting in the tail of the recent Australian Labor Party's policy-making conference.

While black-clad women on stilts stalked through the foyer of Canberra's Lakeside Hotel leading a chorus of anti-nuclear songs, while demonstrators waved candles and burnt their Labor Party cards, and while hardened leftists jeered at Foreign Minister Bill Hayden "once a cop always a cop," the Prime Minister, Mr Bob Hawke, delivered an unusually prescient speech.

"The task of social reform has been made an integral part of the task of economic recovery," Mr Hawke said. "By integrating the processes of recovery, reform, and reconstruction, by making a simultaneous attack on all fronts, we are entrenching our reform as an integral part of the system." And he added: "I don't think that it is yet fully realised how unique and radical a transformation this new concept represents."



> 'I don't think that it is yet fully realised how unique and radical a transformation this new concept represents'
>
> BOB HAWKE

No one paid much attention at the time. After all, Mr Hawke had spoken for almost an hour, and both news media and delegates were getting restless, distracted by the hullabaloo outside.

But as the conference, which is binding on government policy, entered its last hours—after many had assumed all the major decisions had been taken—the delegates voted overwhelmingly in favour of a new industrial and business policy which is highly interventionist, and, in some places, positively Bennite.

Planning agreements, industrial democracy, and tougher controls on transnational corporations, particularly those using franchising to restrict trade, all joined centralised wage bargaining, the prices and income accord, and the Economic Planning Advisory Council, as instruments for change.

None of this, it must be said, was forced on the conference by the Left, which failed to win on any single important issue, but became party policy at the behest of the Hawke Cabinet.

The Federal Government is now also mandated to provide incentives for industrial research, to develop mechanisms which encourage a higher level of technology transfer, including greater use of offset arrangements for government procurement, and to promote the further processing of minerals and agricultural products within Australia.

Future Government purchases abroad will require offset work "of a type that will result in the improvement of Australian industrial technology." This means that some present offset deals — such as McDonnell Douglas' promotion of Australia as a tourist destination for Americans as an offset for the FA-18 strategic fighter deal — will be proscribed.

One key element of industrial strategy is listed as a comprehensive plan for the development and restructuring of Australian industry, with special attention to the development of "state of art" science, technology and engineering sectors to increase the rate of product and process development throughout the rest of the economy.

"Such special plans are to be based on measures to stimulate a genuine commitment to industry modernisation and revitalisation by the active encouragement of industry development agreements involving governments, business and unions," says the new Labor Party policy.

In a section on planning mechanisms, the new policy says that the proposed industry development agreements will include such matters as investment pricing policies, government assistance, purchasing policies and practices by governments and corporations, labour requirements, training and retraining programmes, ageed industrial relations procedures and guidelines on disputes and demarcation, maintenance of a stable and predictable incomes regime, and rapid introduction of new technology with minimum disruption.

The section on foreign ownership stipulates promotion of Australian equity, both government and private, in industrial enterprises, and the regulation of transnational corporations engaged in trade and production in Australia. Greater Australian participation in the ownership of industry and commerce is to be encouraged, through government instruments such as the Australian Industries Development Association and private insurance and superannuation funds.

All this was passed by a conference which rejected the Left's move to stop uranium mining, and which upheld U.S. military bases, the admission of foreign banks, further financial deregulation, and accepted the need for an end to demarcation disputes at the workface and other archaic industrial practices.

Those were the issues that grabbed the headlines and confirmed Prime Minister Hawke's reputation as a pragmatist who sees his constituency as the 75 per cent of the voting population that support him in opinion polls. But the industrial policies to which the Government is now committed also reveal his predilection for Scandinavian-style socialism. And, after the 36th biennial conference, that is where the Australian Labor Party stands.

It has firmly shaken off the old-style socialism of the British Labour Party and set itself a course which few Australians doubt will keep it in office for at least the rest of this decade.

CANBERRA — Australian Cabinet Minister Mr Mick Young relinquished his post today pending the outcome of an inquiry into a scandal over a false customs declaration that has become known as "the Paddington Bear affair."

Mr Young, 47, had been given back his job as special minister of state in January, months after quitting for leaking news that Australia would expel a Soviet diplomat for spying.

But he became involved in further controversy this week after declaring that to the best of his knowledge baggage sent by his wife from Europe did not contain dutiable items. Customs officials found that the baggage did contain items requiring import duty, including a large toy "Paddington Bear," Reuter

U.S. move on immigration 'hanging by a thread'

By Nancy Dunne in Washington

CONTROVERSIAL U.S. immigration reform legislation, approved by both houses of Congress with bipartisan backing, is now "hanging by a thread" and may never ever reach the President's desk, according to Senator Alan Simpson, its chief sponsor.

The measure, which would grant amnesty to millions of illegal immigrants now living in the U.S., is considered a political hot potato, and its narrow passage through the House of Representatives last month in the face of strong Hispanic opposition was considered little short of a political miracle.

Hispanic opposition to the legislation centres on two provisions: fines against employers who hire illegal immigrants and a vastly expanded guest worker programme for Latin American field hands.

Hispanic leaders say the employer sanctions will result in discrimination against any "foreign-looking" Americans, and they say that there will be mistreatment by employers of guest workers.

Differences between the House and Senate Bills were to be worked out in a conference committee. However, lobbying by Hispanics during the Democratic convention has cost the Bill vital support in the House.

Both Mr Walter Mondale, the democratic presidential nominee, and Ms Geraldine Ferrara, the vice presidential nominee, oppose the bill.

President Reagan, who had forcibly backed immigration reform, had promised to sign any bill which emerged from conference. However, campaigning on Wednesday in Texas, where the Hispanic vote in strong, he said he would veto the legislation if the house bill was passed.

U.S. car union seeks guaranteed pay rise

THE UNITED Auto Workers Union has told General Motors it wants a return to guaranteed annual pay rises for 350,000 workers paid on hourly rates, Reuter reports from Detroit.

The union said it wanted limits on the number of foreign-made cars the company can sell.

GM negotiator Mr Alfred Warren said after a bargaining session on Wednesday that the union's demands would be an expensive package

Canada's main parties take similar line

BY BERNARD SIMON IN TORONTO

A SERIES of live television debates between leaders of Canada's main political parties has emphasised similiarities between the platforms of the ruling Liberal Party and its main opposition in the forthcoming general election, the Progressive Conservative Party.

In the second debate on Wednesday, Prime Minister John Turner and Opposition leader, Brian Mulroney exchanged heated accusations on Mr Turner's record as finance minister in the early 1970s and a round of patronage appointments made by Mr Turner to fulfil commitments to Mr Pierre Trudeau, outgoing Prime Minister.

The two leaders offered no clear-cut distinctions in their stand on issues as job creation, reduction of the federal deficit and relations with the U.S. The debates touched only briefly on Canada's foreign policy.

The debates, one each in English and French, confirmed that economic issues, especially the country's unemployment rate of more than 11 per cent, are likely to dominate the election campaign.

Polling day is September 4, and opinion polls point to a close finish between the Liberals and Conservatives. Although the Socialist-oriented New Democratic Party (NDP) is expected to lose ground in the election, it may hold the balance of power in the new parliament.

Mr Mulroney appears to have gained most from the television

Premier John Turner (left) and NDP leader E d Broadbent are kept at a distance from PCP leader Bria n Mulroney

debates, which were held early in the campaign at the Liberals' insistence. His Quebec upbringing and fluent French gave him a clear advantage in the French debate. In the English segment, he was able to link Mr Turner to the unpopular policies of the Trudeau Government.

Mr Turner, who has returned to active politics after an eight-year break, is trying to distance himself from the Trudeau era. He said in the television debate that changes were urgently needed.

He has found it difficult to reconcile promises of change with efforts to defend the Liberals' record. Except for a brief interlude in 1979, the Liberals have been in power for the past 20 years.

Both leaders promised to cut government spending after the election in an effort to bring down the deficit. Neither spelt out how this will be done, maintaining that social welfare programmes will not be curtailed.

Both emphasised the role of small businesses in the economy.

The New Democratic Party leader Mr Ed Broadbent said at the end of the debate that policies spelt out by Mr Mulroney and Mr Turner were virtually identical.

Meanwhile, Mr Sinclair Stevens, Conservative spokesman for external affairs, said a Conservative government will maintain strict controls on foreign investment in Canada in at least four sectors: financial institutions, the media, energy and telecommunications.

Three parties veto poll in Nicaragua

By Tim Coone in Managua

AN OPPOSITION alliance of three political parties have eliminated themselves from the electoral race for the Nicaraguan presidency and national assembly, by failing to register by the midnight Wednesday deadline.

Dr Arturo Cruz, outspoken presidential candidate for the Co-ordinadora Democratica, a grouping of the Social Democrats, Social Christian and Liberal Constitutionalist parties, said the deadline was political blackmail. The parties have had three months to register.

Dr Cruz arrived in Nicaragua on Tuesday from the U.S. where he has spent several years in self-imposed exile.

Dr Cruz said the minimum position for the participation of his alliance in the election would be the opening of a dialogue with the U.S. backed guerrillas of the FDN, and ARDE.

Sr Daniel Ortega, head of the ruling junta, said on Wednesday—shortly after Dr Cruz's declarations—that dialogue with counter revolutionaries was totally unacceptable.

Seven parties have registered for the electoral race ranging from the far Left Popular Action Movement to the Conservative Democrats.

There remains a possibility that the Co-ordinadora Alliance could take part in the elections by an alliance with a party that does register.

Alfonsin referendum on Beagle dispute

BY MARTIN ANDERSEN IN BUENOS AIRES

PRESIDENT Raul Alfonsin of Argentina has called a nationwide referendum in a move to resolve the century-old border dispute with Chile over the Beagle channel at the tip of South America.

In a surprise ten-minute address on nationwide television and radio on Wednesday night, President Alfonsin said the referendum would take place within thirty days of the announcement of the final agreement between the two countries, which he broadly hinted would occur "within the next few weeks."

The referendum appeared to be a device by which the President's seven-month-old democratic Government could put some distance between itself and what many here say will be the political fall-out from the highly controversial pact. In his address President Alfonsin appeared to be laying the foundations for what will likely be his Government's selling strategy for the accord. Diplomatic observers here say the accord was presented to both sides by an increasingly frustrated Vatican on a take-it-or-leave-it basis. The Vatican has been mediating in the dispute since 1979.

President Alfonsin stressed the need for peace on the continent "to eliminate poverty, ignorance and desperation affecting tens of millions of Latin Americans." He hit out at the "phantom of conflict between our peoples and the arms race which is its immediate consequence. This, he said, shifted needed resources and energy away from pressing domestic problems. He reminded viewers that his Government was not responsible for the conflict but rather inherited the "grave errors" the dispute had produced in the past.

In late 1978 Argentina and Chile nearly went to war over the disputed border region with Argentina. It sent body bags to its southern territory and at least one army general had specially made crystal glasses emblazened with the lengend "Santiago 1978." Soon after Pope John Paul II intervened to mediate between the two Roman Catholic countries.

Reaction yesterday to Alfonsin's speech appeared to be mixed. Former Foreign Minister Nicanor Costa Mendez, who served under President Leopoldo Galtieri during the Falklands war, said he disapproved of the referendum because "it is a method not established in the constitution."

Left-wing Peronist leader Sr Vicente Saadi, said he disagreed with reaching an agreement with Chile while the country is ruled by the military dictator Augusto Pinochet.

Alberta picks itself up, dusts itself off . . . and starts all over again

Bernard Simon, recently in the land of the blue-eyed sheik, reports on its fortunes

ALBERTA, land of the "blue-eyed sheiks," is picking itself off the floor after having taken the full impact of the worst recession in Canada since the 1930s. Pushed along by an improvement in the fortunes of the oil and gas industry, the province is leading the Canadian West towards hopes of better times.

Most of the West, and especially Alberta with its oil and gas fields, struck it rich in the early 1970s when prices of raw materials soared world wide. It fell all the harder when world wide recession coincided with a weakening of demand for gas and oil.

But now, as the world climbs out of recession, the Conference Board of Canada, an independent forecasting agency, estimates that alone among the 10 Canadian provinces, Alberta and its western neighbour, British Colombia, will have higher growth rates in 1985 than this year. So far, however, they have still been lagging behind the Canadian national average.

The mood has improved at a moment helpful to Mr John Turner, the new Liberal Canadian Prime Minister, who has set himself the aim of improving his party's fortunes in the West. In the election of 1980, the Liberals took no seats at all west of Winnipeg.

Mr Turner has daringly announced that he will contest a British Columbia constituency at the general election called for September 4. More important, the Turner Government has assured western Canadian oil men that it plans a radical revision of the National Energy Program which westerners blame for many of their ills.

The NEP is highly interventionist and was originally designed to increase the federal Government's take from the oil and gas industries and to encourage exploration off shore and in the North.

But the concessions made last year, the chief of which raised to world level the price for oil from wells drilled since 1974, stimulated exploration in Alberta to record intensity. The Alberta Department of Energy estimates that the industry's share of oil revenues has risen from 45 per cent to 53 per cent. (The rest goes to the province and the federal Government.) In addition, the sharp decline of the Canadian dollar has raised returns in Canadian dollars to producers of oil discovered since 1974 whose price is based on the world price expressed in U.S currency.

With the prospect of further modifications of the NEP from whichever party wins the general election, investment prospects are greatly improved. Projects announced in the past two months include Husky Oil's plant on the Alberta-Saskatchewan border to upgrade heavy oil from local reserves. Without such upgrading the oil is suitable for restricted purposes only. Shell Canada intends to go ahead with a C$200m (about £114m) plant to extract oil from the oil sands in the Peace River area of Alberta; and Esso with a C$300m expansion of its oil sands project at Cold Lake.

Other heavy oil projects involving Dome Petroleum and Union Oil in north-eastern Alberta are expected to be given the green light within a few months.

Greater oil industry activity has begun to spill over into other sectors of the western economy. Retail sales are edging up and the Economic Development Authority of Edmonton, the capital of Alberta, reports substantially more interest from potential investors.

About one fifth of the fixed investment in Canada so far this year is earmarked for Alberta. "We are seeing a recovery," Mr Peter Lougheed, Premier of Alberta since before the oil boom of the 1970s, said last week.

Yet the scars of recession are evident. The property market is still on its back. In Edmonton alone, about 2m square feet of office accommodation is vacant. Trade unions are still caught in a tight squeeze. Workers at the Greyhound Bus Company in Calgary recently had to agree a three year freeze.

The Alberta Government recently unveiled proposals for its long term industrial policy. It wants to stimulate new projects by providing loans and loan guarantees and, if necessary, equity participation. Alberta has the resources to provide such assistance because it has built up a C$14bn Heritage Fund by annually setting aside a part of its revenue from non-renewable resource industries.

The Heritage Fund was founded to help the province to build up an industrial structure and infrastructure to cushion the blow once the non-renewable resources decline. The Fund's annual income has risen to C$1.5bn.

As an added help to local industry, the Alberta Government proposes to give procurement preferences to Albertan contractors and suppliers and to provide its own export incentives, including storage and handling facilities in countries buying Albertan products.

This intention to go its own way is not confined to Alberta: other provinces are moving in the same direction. But in the West the process was supported by disappointment with the federal Government engendered by the recession now ended. Mr Turner's task in the West is not going to be easy.

Californians get jumpy over the Olympics

WITH THE Summer Games opening tomorrow, a malady psychiatrists call "Olympic anxiety" has begun to afflict some California residents upset about hundreds of armed security forces, the influx of so many foreigners and the prospect of clogged freeways (motorways), Associated Press reports from Los Angeles.

Psychiatrists say they are getting more calls than usual, most of them from ordinarily well-adjusted people unsettled by this thought: 16 hot summer days of intolerable traffic, packed restaurants and stores overrun by tourists.

The Games open tomorrow when the torch is lighted in an extravaganza that will include a marching band, a choir, 84 pianists playing "Rhapsody in Blue", a 100-piece symphony orchestra and 2,500 pigeons that will be released in Memorial Coliseum.

Three Libyans, who applied for journalist credentials to the Los Angeles Olympics, have been denied entry into the U.S., AP reports. Libya has eight officials and six athletes at the games.

More than 5,000 of the 7,800 athletes from 141 countries and thousands of journalists and visitors have flooded into Los Angeles this week.

"People have a sense that they're being invaded," said psychiatrist Dr Duke Fisher. "It's very clear that one of the things that is precipitating stress is anxiety related to the Olympics."

Psychiatrists also are worried that people suffering from serious mental illness may see the Games as a way to make themselves feel important.

One problem is the security forces, numbering in the thousands and including 80 helicopters and two zeppelins operated by police officers.

"Looking out my window I normally see students, a wide open oasis into the community," said Prof Scott Fraser of the University of Southern California, site of one of three Olympic villages. "Now I see strands of fences and barbed wire, people walking around with walkie talkies (two-way radios)."

"Intellectually you can say this is part of the security forces that are here to make sure everyone's well-being is maintained. But emotionally, you're confronted with forces meant to control and inhibit people."

WORLD TRADE NEWS

Algerian gas supplies to France fall 18%

BY PAUL BETTS IN PARIS

A SHARP decline in French gas imports from Algeria last month has raised speculation in Paris that Algeria has agreed to slow down the rate of its gas deliveries to France.

Gaz de France (GdF), the French state gas utility, would not confirm or deny yesterday reports that an informal agreement had been reached with Algeria.

This accord is believed to account in part for an 18 per cent fall in Algerian gas supplies last month from May.

A GdF official said technical difficulties had occurred last month, causing a decline in the volume of supplies from Algeria. He also said no agreement as such had been signed between the two countries.

However, industry officials claimed that the technical difficulties in deliveries did not wholly account for the decline in the volume of imports and they they reflected an informal deal to slow down the rate of supplies.

Algeria is France's largest gas supplier. Imports this year are expected to total 9bn cubic metres, accounting for about 30 per cent of France's total gas supplies.

But Algerian gas is extremely costly for GdF because of the premium paid by France for its supplies. A GdF official said yesterday the Algerian gas currently costs between 10-15 per cent more than the price on the international market.

GdF will have to carry this year on its accounts the extra cost of the Algerian gas which until now had been absorbed by the French Foreign Affairs Ministry budget.

This surcharge is expected to total about FFr 1.5bn (£129m) this year which will inflate an already substantial 1984 GdF deficit forecast at about FFr 2.5bn.

Although Algeria is reported to have agreed informally to a reduction in the rate of supplies, the pricing arrangements are due to be reviewed only in the second half of next year.

UK second-biggest earner on invisibles

BY DAVID HELLIER

THE UK remained the world's *seventh-largest net earner of* invisible trade during 1982, despite a 10.2 per cent fall in its *surplus, according to a report* from the British Invisible Exports Council published yesterday.

Only the U.S. had a larger trade balance in invisibles, although that too fell significantly from \$53.7bn (£41.3bn) to \$46.9bn in a year when world trade declined in both visibles and invisibles.

The UK surplus fell from \$12.05bn in 1981 to \$10.8bn and can mainly be attributed to the continuing decline of transport earnings, especially shipping.

Britain's transport balance deteriorated by 86 per cent taking it to \$78m, the lowest for many years. The UK now lies twelfth place in the world in terms of transport earnings, behind countries like Singapore (third) and the U.S. (first).

However, Britain was the only major earner of investment income to improve its credit position in this area *largely because of falling payments to overseas participators* in North Sea Oil projects.

France's surplus fell dramatically, the report says and left it overtaken by Panama as the seventh largest net earner of investment income.

Of the world's large earners on tourism and travel, only Italy and Spain bettered their *1982 surpluses* — by 12.7 per cent and 6.6 per cent respectively.

1982 was a year in which the share of invisibles in total world trade continued to rise, but only because world visible trade declined more rapidly than invisibles.

World Invisible Trade; the British Invisible Exports Council, 14, Austin Friars, London, EC2N 2HE (price £6).

Australia's coal exports at record

AUSTRALIA'S coal exports have exceeded last year's record, with six weeks left in the 1983-84 fiscal year, according to figures released by the Joint Coal Board yesterday.

The board said that for the 46 weeks ended May 19, Australia exported 57.1m metric tons of coal, up from 48.5m tons during the same period a year earlier and above the 55.5m tons exported for the entire year ended June 30 1983.

Exports to Japan during the 46-week period totalled 33.6m tons, up from 30.2m tons. South Korea took 4.9m tons compared to 4m tons.

British imports of Australian coal eased to 2.4m tons from 2.5m tons. Hong Kong took 1.4m tons compared to 341,000 tons.

Australian exports of coking coal, used mainly in steelmaking, rose to 38.9m tons from 33.8m tons. Exports of steaming coal, used for heating and generating electricity rose to 18.2m tons from 14.7m tons.

AP-DJ

Nigeria weighs up its top development priorities

BY ANDREW GOWERS IN LAGOS

NIGERIANS have heard much this year about lowering their sights and living within their means. They have yet to learn exactly how the Government plans to do the same—that is, which projects, out of the plethora of lavish schemes dreamt up in the past decade or so, should be proceeded with and at what speed.

This is the question—an important and agonising set of decisions—which the Supreme Military Council (SMC) is currently pondering.

The soldiers are studying a confidential report they received last month from a committee chaired by Mr Gamalyel Onosode, who was ex-president Shehu Shagari's budget adviser. Another committee is studying Mr Shagari's Fourth Plan with a view to producing a scaled-down version. By September, the Government should have published a White Paper detailing its response to both reports.

Announcing a 40 per cent cut in projected capital spending this year three months ago, Major General Muhammadu Buhari, the head of state, said: "Only projects which have beneficial effect on the generality of our people will be pursued."

Few details have emerged of the SMC's deliberations. But at least the outline of Mr Onosode's advice can be pieced together from speeches he has made over the past two years.

Mr Onosode's task—following an idea suggested by the World Bank—was to review projects costing more than N30m (£28.3m) and decide which were essential.

One of the report's strongest recommendations is believed to be the need for long-term planning. In a speech to members of the Nigerian stock exchange in April, Mr Onosode said: "We must accept that we cannot do everything at the same time for everybody. If we accept this principle then we must also accept the necessity for planning to be on a longer-term basis. The kind of planning which we have engaged in in the last 24 years of independence has evidently failed us."

Against this background, Mr Onosode has spelled out his views on some of the major projects planned.

- **Power** is a top priority. Mr Onosode said the cost to the economy caused by the inadequacy of the National Electric Power Authority (NEPA) has been "astronomical." He suggests the reorganisation of NEPA into separate entities for generation and distribution of electricity and recommends major investments in new gas-fired power plants and an upgraded distribution network.

This sounds like good news, for example, for the project to pipe gas from Warri to a power station outside Lagos, for which Mannesman of West Germany and Snamprogetti of Italy have major contracts.

- **Agriculture and irrigation** are also regarded as essential investment; farming has been the major disaster area since Nigeria's oil boom. Mr Onosode argues that development of agriculture is important both to save on imported food and to supply local industries such as brewing or food processing.
- The planned multi billion dollar liquefied natural gas scheme, a project which the Shagari Government pushed, and which Maj Gen Buhari has endorsed, with Royal Dutch Shell as project leader, should proceed, Mr Onosode believes, but with the "lowest possible" government outlay owing to uncertainty about the world market in the 1990s.
- On Government plans for the \$2bn petrochemicals plant which has just been given the go ahead, with Foster Wheeler of the U.S. as managing consultants. Mr Onosode says competition from the huge Saudi Arabian chemical complex now starting up will reduce Nigeria's likely foreign exchange earnings but the project will still lead to savings.
- Mr Onosode regards the previous plan for steel as ill conceived in the extreme. He feels that Nigeria should have concentrated on flat steel production rather than pushing its hugely ambitious programme involving integrated and special steels plants as well. The existing flat steel project he believes, will have a beneficial multiplier effect on the rest of the economy.
- The new federal capital at Abuja hardly fits Mr Onosode's economic criteria and is conspicuous by its absence from his public list of priorities. But Maj Gen Buhari said in his budget speech in May that work would proceed on it at a modest pace.

That is where the military—who in a previous incarnation initiated Abuja, for example—come in. It remains to be seen whether the Government is fully prepared to make the policy decision which, as Mr Onosode says, will in the short term be "economically inconvenient and politically embarrassing."

The success of every one of these projects depends in the end of another key recommendation made by Mr Onosode: The gradual floating down of the Naira to a more realistic level while the economy is being restructured.

Washington set to ease ban on Soviet fishing off U.S.

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration is poised to ease a ban on Soviet fishing in U.S. territorial waters, Administration officials in Washington have confirmed.

The ban had been imposed in 1980 by President Jimmy Carter in response to the Soviet invasion of Afghanistan.

Mr Chris Koch, an advisor to Republican Senator Slade Gorton, said in Seattle that Soviet fishermen will be allowed to fish in the north Pacific and Bering Sea this year.

Soviet takes are expected to be limited to 40,000 tons off Alaska and 10,000 tons off the West Coast.

The new U.S. initiative is part of a series of low-key moves which the Reagan Administration is taking in an effort to try to improve U.S.-Soviet relations and counter charges from the Democratic Party that Mr Reagan is partly responsible for the sorry state of the dialogue with the Soviet Union.

Earlier this month the U.S. announced that it had reached agreement on upgrading the "hotline" telecommunications link with Moscow and indicated that it was ready to resume a ten-year accord on economic co-operation.

Nancy Dunne in Washington writes: The International Trade Commission completed its last in a series of import relief cases by concluding that the domestic tuna fish industry had not been seriously injured by imports.

Of the five industries which sought relief this year, the ITC agreed with two. It urged the White House to approve either quotas or higher tariffs on carbon steel products and copper imports, but it turned down petitions for relief from the shoe and stainless steel flatwear industries.

The U.S. Tuna Foundation, composed of commercial tuna boat operators, processors and several trade unions, had asked the commission to recommend that a 6 per cent import duty on water-packed tuna be increased to 35 per cent, the tariff rate currently applicable for tuna imports packed in oil.

Mr David B. Rohr, an ITC member, said he found "many causes of injury to complicate this case" including excess capacity in both the fleet and physical plant, excessive high-cost inventories and internal competition among U.S. processors.

He did not, however, find that imports were a substantial cause of the domestic industry's current difficulties.

The new head of the commission, Ms Paula Stern, was the only member to vote for a finding of injury. She said she would have voted to recommend government trade adjustment assistance for tuna boat operators and displaced plant workers.

U.S. set to move against fraudulent textile imports

WASHINGTON — The U.S. Customs Service is planning to increase its enforcement staff and tighten regulations aimed at preventing fraudulent importing of textiles into the U.S., Customs officials said yestetrday.

Mr William von Raab, Commissioner of Customs, said fraud involving all imports was a multi-billion dollar problem.

The most serious fraud involved textile shipments from South-East Asia, Mr von Raab said. Importers misidentify the country where the imports originated to avoid quotas, mislabel contents, and infringe the copyrights of name-brand apparel designers, officials stated.

The Customs Service is to add about 65 enforcement staff, assigned solely to textile cases to the present 235 personnel in the anti fraud operation.

Stricter regulations will be issued in the next two weeks to require textile importers to provide more documentation on such items as the merchandise's country of origin.

Reuter

HK exports soar despite uncertainty

By David Dodwell in Hong Kong

HONG KONG'S exports surged by 49 per cent in the first half of 1984, narrowing the territory's visible trade deficit and demonstrating that its manufacturing sector is continuing to perform strongly despite political uncertainties over its future.

According to provisional trade figures released yesterday, Hong Kong's exports for the six months to the end of June amounted to HK\$99.38bn (£9.6bn), up 49 per cent from HK\$66.64bn in the first half of 1983.

In the same period, imports rose by 39 per cent from HK\$76.06bn to HK\$105.56bn, narrowing the visible trade gap from HK\$9.44bn to HK\$6.17bn.

Strong economic recovery in the U.S. was the locomotive force for this improvement, trade officials said. In addition, many textile manufacturers made great efforts to export products early in the year, fearing trade reprisals in a U.S. presidential election year.

The strong export growth was led by re-exports, which increased by 55 per cent and now account for 36 per cent of the territory's export business. Direct exports improved by 45 per cent.

Trade figures for the month of June show that the improvement has been sustained. Total exports amounted to HK\$19.14bn, up by 44 per cent from the June total last year of HK\$13.31bn.

Imports amounted to HK\$19.38bn, up 33 per cent, and leaving a visible trade gap of just HK\$237m, compared with HK\$1.17bn in June last year.

China, UK sign tax agreement

By Mark Baker in Peking

BRITAIN and China have signed a double taxation agreement after nearly two years of negotiation.

Officials predicted that the agreement would lead to closer trade, economic and industrial relations.

A British official said the agreement would be subject to ratification by the Commons and the text would be released "in due course."

China has been negotiating double taxation agreements with many Western countries. An agreement with the U.S. was ratified during President Reagan's visit to Peking.

Trade account returns to £103m surplus in June

BY PHILIP STEPHENS

THE CURRENT ACCOUNT of Britain's balance of payments swung back into a small surplus last month, despite the adverse impact of the miners' strike on trade in oil and coal.

The *Department* of Trade and Industry said yesterday the current account registered a *surplus* of £103m in June, compared to a deficit *of £69m the previous* month.

A shortfall of £148m on the visible *trade account was offset by the* estimated £250m in earnings from invisible exports, it said.

The modest turnround in June left the current account surplus for the first six months of the year at £285m, well below the surplus of more than £1bn in the same period of 1983.

Trade has been hit by the miners' strike, however, which has reduced *oil exports and caused much* smaller sales of coal abroad.

Oil exports fell about £300m between the first and second quarters of this year, while higher imports meant the oil trade surplus fell by £800m to £1.5bn.

Some of this may have been due to lower output and oil stockpiling. The Government has not published figures on the direct impact of the miners' strike on the balance of payments.

Independent analysts estimate, however, that the strike is worsening the visible trade position by more than *£200m* a month.

Dr Paul Neild, senior economist at broker Phillips & Drew, *last* night estimated the cost in June at *£240m and forecast a similar* monthly impact if the strike continued *into the autumn.*

The balance of trade in goods other than oil remained heavily in deficit in June at £784m, but the figure was slightly lower than in the previous few months.

Exports of non-oil goods are showing signs of gaining momentum, with the volume of overseas *sales in the first six months of 1984* about 5.5 per cent higher than in the previous *six months.*

Imports are also still growing strongly, however, with non-oil imports rising about the same amount between the two six-month periods.

Overall, exports in the second quarter of 1984 fell 1 per cent compared to the first quarter, but were 8 per cent up on a year earlier.

The figures for imports show a much stronger rise, up 5 per cent between the two quarters

Peter Riddell writes: Mr Bryan Gould, the Labour Opposition's trade spokesman, claimed that the June figures showed that the UK was *half-way towards* its worst ever trading performance as an industrial *nation.*

"With six months' figures now *available," he said,* "it is clear that last year's first ever deficit in manufactured goods is growing fast." The total was £7bn on an annual basis – an increase of no less than 38 per cent over last year.

Mr Gould said that this "horrifying decline" was being concealed by the immense benefit of North Sea oil. He said that the overall *balance* of trade was deteriorating fast and *this decline affected every part of* the industrial economy.

This decline, he argued, "reflected the huge loss of competitiveness suffered by British industry over the last five years."

Taxpayers' support for coal put at £1.3bn

BY MAURICE SAMUELSON

TAXPAYERS' support of the British coal industry last year reached a "massive" £1.3bn, equivalent to nearly £130 a week for every employee in the industry, Mr Peter Walker, Energy Secretary, said yesterday.

He was commenting in the loss of £875m recorded in the National Coal Board's (NCB) report for the *1983–84 financial year.*

The loss, representing 18 per cent *of the NCB's turnover,* showed that it was insolvent and only able to carry on because of the Government's readiness to underwrite it while it turned itself around, he said in a parliamentary written answer.

Some £200m of the 1983–84 loss was "inflicted needlessly" by the overtime ban and the strike. "The rest represented the "underlying imbalance" between the industry's cost and revenue.

NCB officials said yesterday that the strike was having an even more drastic effect on the present year's finances. The board puts its losses at £27m a week, based on lost output and sales offset by savings in wages and other costs.

Had it *not been for the strike,* the NCB would have been set to contain *its losses within a government deficit* grant of £520m for 1984–85. Until *last month, it would have been able* to stay within its external finance limit of £1.1bn, but the continuation of the strike meant that it would be "hundreds of millions of pounds worse off."

Coal is also being imported into Britain at the rate of more than 10m tonnes a year, more than double the rate of the past five years.

Meanwhile, stocks of coal at Britain's power stations stood at 18.4m tonnes at the end of May, 1.5m tonnes less than in the previous month.

Scargill expects talks to re-open

By John Lloyd, Industrial Editor

RENEWED TALKS between the National Coal Board (NCB) and the National Union of Mineworkers (NUM) are in prospect after efforts by Mr Stanley Orme, Labour's energy *spokesman,* to bring the two sides together.

Mr Arthur Scargill, president of NUM, is understood to have told his *executive meeting in Sheffield yesterday* that he expected negotia*tions to re-open* soon.

The executive agreed to call a special delegate conference in two weeks' time. Some members of the executive believe that the talks could be arranged quickly enough and go well enough to produce a deal to put to *delegates* – others believe this timescale is over optimistic.

Mr Orme, who was largely re*sponsible for the staging of the last* abortive round of talks, was in touch with both sides almost as soon as negotiations failed last Thursday.

Mr Scargill refused to comment on the likelihood of talks but repeated his willingness to met the board at any time, any place."

This would be the fourth round of talks since the dispute began. The *first was* a short bad tempered debacle; the second produced genuine *movement but broke down on the* issue of the closure of uneconomic pits; the third, ending last Thursday, removed further obstacles to a settlement but left, as Mr Scargill said yesterday, the difference of a "whole philosophy" – profitability versus jobs.

Mr Scargill said that the Trades Union Congress (TUC) had requested a meeting with the union and that the national leadership was willing to hold talks. He appeared *to invest such a meeting with no* special significance – though some *senior TUC leaders believe a closer* relationship between the TUC and the NUM could be forged in advance of TUC Congress in September.

However, it is clear that many members of the executive are worried by the media onslaught mounted by the NCB through advertisements in popular newspapers calling for a return to work, and by government ministers accusing the miners' leadership of acting dictatorily,

Lloyd's makes £9m provision to cover potential liabilities

BY JOHN MOORE, CITY CORRESPONDENT

THE AUTHORITIES of the Lloyd's insurance market in London have set aside £9.5m from a £134m central fund of last resort to cover the potential underwriting liabilities of up to 120 members of the market who have not proved their financial solvency.

The number of underwriting members who have a potential solvency problem is more than 10 times the usual figure. Lloyd's is making the highest provision yet from its central fund to meet the liabilities of the members.

Of *those members who have not* demonstrated to Lloyd's in the form of an audit certificate – that they have enough assets to meet their liabilities, 100 are members whose affairs are managed by the troubled underwriting agency, Richard Beckett Underwriting Agencies, which forms part of Minet Holdings.

About 40 of the *100 members of* the Richard Beckett Underwriting agencies are understood to be among those who refused to accept a £38.17m compensation *offer from* Minet. This was designed to provide the equivalent of *funds which* were allegedly misappropriated by former executives of *the Minet group.*

Those who refused to accept the offer were meeting *their lawyers* and advisers yesterday to plan an extensive *legal campaign to fight* for a better deal from Minet.

Lloyd's ruling council met on Wednesday to consider the prob*lems surrounding* the Minet agency and the implications for the market of those who refused to complete the solvency test requirements.

Lloyd's is understood to have considered whether one of the Minet Lloyd's underwriting syndicates – a non-marine insurance syndicate which accepts general business – is actually solvent and whether it *should* be allowed to continue to trade.

The Richard Beckett underwriting syndicates are facing £37m of *losses.* The council is wondering what level of support Minet will *give* to the syndicates if the underlying trading trend continues.

Lloyd's is also concerned about the future management of the Richard Beckett agency and is holding discussions with Minet about the future running of the agency. Underwriting members affected by the problems have complained about the conflicts of interest that surround the running of the agency while it is controlled by Minet and Minet interests.

Lloyd's utilisation of the central fund now means that claims by policyholders will be met. Lloyd's *has* warned the 120 underwriting members *that they may be suspended* from underwriting if they do not *complete* the solvency test.

City's revolution gathers pace

BY JOHN MOORE AND RAY MAUGHAN

THE FINANCIAL revolution in the City of London gained fresh momentum yesterday with the link-ups announced of Shearson Lehman/American Express with L. Messel and Grindlays Holdings *with Capel-Cure Myers.*

Talks between Grindlays and Capel-Cure Myers had been confirmed some time ago. The surprise yesterday was the Shearson deal with L. Messel. Although overtures were made last November and the deal virtually concluded at the beginning of this month, there had been hardly a whisper of the tie-up.

Mr David Lloyd, senior partner of the 44-strong Messel partnership, which runs a firm with 270 staff, *said yesterday* that in the future his securities firm would need "a big *elephant to ride."*

Messel, one of the larger brokers, is looking for cash which will support its role as a market maker in the restructured London Stock Exchange. There was no immediate need for a large infusion of cash, Mr Lloyd said yesterday – hence Shearson's 5 per cent stake, compared with the more usual 29.9 per cent stakes taken by outsiders in British securities firms.

The broker was not looking for a passive investor such as a building society. It wanted someone who could show it the way in securities dealing.

Shearson, part of the American Express group, fits the *bill according* to Messel. It is the biggest market *maker on the U.S. National* Association of Securities Dealers Automated Quotations system, *trading* in more than 1,600 securities.

Shearson, bought by American Express in 1981 for $930m, is a fast growing brokerage house with an aggressive acquisition programme. This year it merged with Lehman Brothers Kuhn Loeb, the investment bank.

Mr Edwin Gill, chairman and managing director of Shearson Lehman/American *Express, yesterday* extolled the virtues of "globalisation of investment" in which London represented an important geographical centre.

The acquisition of Messel, which is the objective, will give the group its ticket into the British securities market. It will also give access to Messel's corporate finance side, which includes such clients as STC, Glaxo, Reed International, and Trafalgar House, although Messel services some of these clients jointly with other brokers.

For Shearson, the long-term aim is not to acquire a jobbing firm – although it has had talks with several – or other stockbrokers. Its development of financial services activity *in the UK may take it into more* direct fund management, perhaps *through* the acqisition of a unit trust group of life insurance related *concerns.*

Capel-Cure Myers has a similar *share of the UK equity market* as Messel, estimated at some 3½ per cent of institutional commission incomes.

Unlike Messel, the merger with Grindlays Holdings will shift the focus of the firm's *geographic* ambitions eastwards towards India, the *Pacific and Africa* rather than the U.S.

Grindlays is removing its long-standing relationship with Lloyds *Bank and Citibank, but the ties will* not be cut finally until September *when full control of Grindlays Holdings* and its banking subsidiary passes to the Australia and New Zealand Banking Group.

The Citibank connection has blocked Grindlays' aspirations in the U.S. and Capel's business has been confined almost exclusively to its UK base.

Profits of drug companies 'too high'

By Carla Rapoport

THE PROFITABILITY of drug companies operating in Britain could well be reduced further, according to a report by the committee of public accounts (PAC) on the dispensing of drugs in the National Health Service.

According to the report: "The difference between the 21 per cent target profit for the pharmaceuticals industry and the 16.9 per cent recommended target profit for risk contracts seems high and needs justifying."

It recommends that the Department of Health and Social Security (DHSS) take this fact into account in its present examination of the industy's profitability regulation scheme.

"Whatever the result of the DHSS's current examination (of profitability)," states the report, "the *department should in future* keep (the industry's) profit targets under *close and regular scrutiny."*

At the same time, the committee *criticised what it called the "large* unintended profits at the taxpayers' *expense"* reaped by *chemists* due to the purchase of drugs purchased *cheaply* from abroad.

This practice, known as parallel importing, should be *dealt with* "urgently," in order to eliminate excess *profits made by chemists* reimbursed by the Government at a higher price than they paid for the drugs.

The committee welcomed the recent reductions in the profitability of the drug industry, from an average of 25 per cent to 21 per cent return on capital employed. These reductions confirmed the view of the previous PAC that the profit regulatory scheme had not previously ensured the "reasonableness of drug prices generally."

The pharmaceutical industry's reaction to the report yesterday was mixed. "In my view, this is a much more positive report and although there are still areas of misunderstanding, it holds out hope for a much calmer relationship between Government and the industry in the future," said Mr David Taylor, Director of Economic Planning for the Association of British *Pharmaceutical Industry.*

MPs criticise security at nuclear bases

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

A HIGHLY critical report on security at Britain's nuclear weapons bases and at the Government-owned Royal Ordnance Factories (ROF) was published yesterday by an all-party committee of MPs.

The House of Commons defence select committee found that incursions by anti-nuclear demonstrators into defence establishments had been "unacceptably frequent" in the past year, even though they represented "absolutely no serious threat" to security.

It recommends "lasting improvements" to security at nuclear bases, including a new £3.5m perimeter fence for the cruise missile base at Greenham Common, Berkshire.

The committee was particularly scathing about security at the ordnance factories, the arms manufacturing companies with an annual turnover of £450m which the Government is preparing to privatise shortly.

The major security threat to the ROF came mainly from terrorists, the MPs said. "While nobody is going to steal a Challenger tank, the ROF's range of arms, explosives and ammunition offers immense attractions to terrorist or extremist organisations."

Much of the report's detailed comment has been excised on security grounds at the request of the Ministry of Defence. But it notes that MPs were "appalled by the present levels of security at the Royal Small Arms Factory at Enfield (Middlesex), which suggested neglect and complacency over a number of years."

Mr Michael Heseltine, the Defence Secretary, noted in a written parliamentary answer yesterday that improvements to security were already under way at Enfield.

The report recommends that the Ministry of Defence police remain at several of the ordnance factories even after privatisation. The committee says the Government has wrongly allowed these police to be reduced from a strength of 4,880 in 1979 to just over 4,000.

The report is probably the toughest issued by the committee since its formation in 1979. A picture emerges of muddle and, in particular, of a lack of centralised control of the security aspects of the ROF privatisaion.

Ministers were said yesterday to be studying the report. In what was described as a preliminary response, a Ministry of Defence spokesman said that while the ministry did not accept much of the "highly coloured language" in the report, it did accept that improvements were needed.

Heseltine to name team

BY OUR DEFENCE CORRESPONDENT

THE DELICATE process of choosing the people who will run the new centralised organisation within the Ministry of Defence (MoD) will be completed within the next few days. Mr Michael Heseltine, the Defence Secretary, told the House of Commons defence committee yesterday that he expected to announce the appointments shortly. He announced the re-organisation last week.

The present chief of defence staff, Field Marshal Sir Edwin Bramall, is to remain in that post for the next 18 months. His deputy, who will be in charge of the new combined defence staff at the MoD, is tipped to be Air Marshal Sir Peter Harding, the vice-chief of air staffs, a post which will disappear under the Heseltine reforms. Sir Peter Harding is a highly respected officer whom Mr Heseltine apparently believes will have the necessary drive and vitality.

Mr John Blelloch, at present in charge of Britain's strategic and nuclear policy, will become the second permanent secretary in overall charge of the centralised Office of Management and Budget.

Mr Heseltine told the defence committee yesterday that the re-organisation would start on January 2. It would not be deflected by criticisms from the chiefs of staff of the single services (whose influence is diminished by the changes).

BRITISH OWNERSHIP HALVED IN 20 YEARS TO 170 COMPANIES

Merchant fleet's ships, trade and exports reach record low

BY LYNTON McLAIN

THE UK merchant fleet has fallen to a record low in terms of the number of companies and ships operating, the volume of world trade handled and the contribution it makes to invisible exports, the General Council of British Shipping (GCBS) says in a report published today.

The UK fleet made a direct contribution to invisible exports of £548m last year. This was less than half the contribution of £1,150m that the fleet made in 1980, and marked a continuation of the decline in the amount of world trade carried in British ships. This was down from 8.8 per cent of the total in 1975 to under 3 per cent at the end of April this year.

"This sharp fall in our contribution to the balance of payments inevitably reflects the substantial fall in the size of the UK fleet, the severe world shipping recession, the high level of idle tonnage and low freight rates," said Mr Bill Menzies-Wilson, the president of the GCBS.

The size of the UK merchant shipping fleet fell to below 20m tonnes deadweight (dwt) for the first time in 30 years at the end of April, to a low of 19.6m dwt tonnes.

This tonnage is accounted for by a total of 729 ships owned in the UK. Without a sustained upturn in world trade, the size of the UK fleet could fall to between 400 and 500 ships by the end of 1986, with only 10 to 12m dwt tonnes. This would be half the fleet's present tonnage, the council forecasts.

The fleet comprised 1,614 ships of 50m dwt tonnes nine years ago.

Over the past twenty years, the number of British companies owning or managing ships has halved to the present total of about 170 companies, the council says. The total receipts of these companies last year came to £2,199m, compared with £2,778m in 1981.

● More than 1,100 of Britain's 13,700 registered dockers – all of whom took part in the two-week national strike which ended last weekend – have applied to take voluntary redundancy payments of up to £25,000 under a special offer, Brian Groom writes.

Port employers have not yet reached their target of shedding about one tenth of dockers in ports covered by the statutory dock labour scheme. A proportion of those who have applied will ultimately withdraw. The response so far to the temporary severence offer underlines the unions' inability to halt the continued rundown of the workforce, despite their rediscovered militancy shown during the strike.

The strike was over a single alleged breach of the scheme at Immingham docks, eastern England, but it was fuelled by fears that the scheme would be abolished and by anger among union activists about job losses. The register has tumbled from 82,500 in 1951, and 41,000 12 years ago.

Employers say the response to the redundancy offer has been fairly encouraging in most ports, notably London. The problem area is Liverpool, where only 154 volunteers have so far come forward compared with a target of 448.

Applications were due to close today, but the five-week national scheme has been extended for two weeks to compensate for the interruption caused by the dock strike.

Fast start expected for Jaguar

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE JAGUAR sale price of £297m or 165p a share has been greeted enthusiastically by those stockbrokers who have been closely monitoring the progress of the luxury car company towards a stock market quotation.

The offer for sale of Jaguar, at present a subsidiary of state-owned BL, will be published on Monday.

Mr Bob Barber of Phillips & Drew said in a circular sent out yesterday: "We expect that there will be an extremely high level of interest from small investors because of the Jaguar image.

"This will be an important factor contributing to the success of the flotation. Unless there is a sharp fall in the stock market or a substantial rise in the sterling/dollar exchange rate over the next week, we expect the issue to be well oversubscribed."

Simon and Coates suggested: "This price provides investors with an exceptional buying opportunity." The broker said: "The price of 165p a share provides scope for a short-term rise of at least 25p."

Mr Colin Whitbread of Quilter Goodison in a circular to clients maintains: "The offer price is a realistic reflection of the balance between Jaguar's current strengths and weaknesses and the issue should find substantial support at this level."

The price should also give scope for some short-term appreciation. Mr Whitbread expresses some caution about the medium-term and warns: "Longer term holders should brace themselves for what could be a bumpy ride."

In the Phillips & Crew analysis, Mr Barber gives a warning that Jaguar shares are likely to be an active and volatile market. "Although we believe that the best returns are likely to be made by those clients who are prepared to trade the shares (in view of the volatility), we have every belief that Jaguar will prove to be an excellent long-term investment."

He suggests that the offer price of 165p "errs on the cautious side." Although there are risks associated with the investment, "the level of risk has been more than adequately taken into account in the pricing of the issue, which has clearly been based on the assumption that sterling will rise against the dollar."

Jaguar estimates that its taxable profits for the first half of this year were £41m against £25m for the same period of 1983.

The directors have not made a full-year forecast because Jaguar's profits are so vulnerable to changes in the dollar–sterling exchange rate. However, they state that demand for Jaguar cars is exceeding supply in all main markets.

The offer for sale will be published next Monday and the application list will open and close on August 3.

Report urges more control over atomic authority spending

BY DAVID FISHLOCK, SCIENCE EDITOR

TIGHTER government control over the use of public funds by the UK Atomic Energy Authority (UKAEA) is called for by the public accounts committee (Pac) in a report published yesterday.

The Pac wants the Department of Energy to set time and cost targets for the UKAEA's programmes, or where this is not possible to set time and cost targets for intermediate milestones in the programmes.

Its main concern is the £3bn fast breeder reactor research and development programme, the most ambitious of the UKAEA's programmes during its 30-year history.

The Pac finds that the absence of a government decision on the start of a commercial development fast reactor, as the precursor to commercial orders for fast reactors, "has probably weakened financial control of the fast reactor programme and the achievement of value for money."

But it believes that the six-nation international collaboration in which Britain is participating "should secure full use of work already done within the UK and ensure a safe, efficient and reliable programme."

The Pac was examining the Department of Energy's role in exercising oversight over the UKAEA's use of voted funds, and the internal control systems used by the UKAEA itself.

These were criticised by a report from the Comptroller and Auditor General last February, as failing to conform with the Downey principles of cost control in government.

The Pac's strictures are muted compared with those of the report which triggered its investigation, and appear to acknowledge that the Energy Department is making a serious point in saying that it is difficult to control research tightly.

The Pac says it recognises that the establishment of 15 operational objectives by the UKAEA last year was "a useful step in improving the Department of Energy's system of control."

It says it accepts that for some of the programmes time and cost targets "may be difficult or even impossible to set."

The biggest programme is fast reactor research and development, estimated by the UKAEA as costing a total of £3.7bn by the financial year 2001–02 at 1983–83 prices.

A subsequent Energy Department estimate reduces the figure to £3.175bn.

For this price the UKAEA expects Britain to have the opportunity of building fast reactors for producing electricity "showing an economic benefit of several billion pounds compared with the alternative of producing the electricity from pressurised water reactors."

Development of nuclear power. report of the Committee of Public Accounts. House of Commons Paper 367. H.M. Stationery Office. £4.15.

Finance deal for airline

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

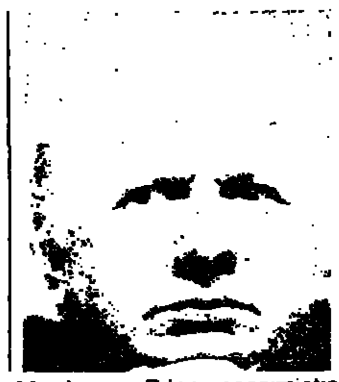
BRITISH MIDLAND Airways (BMA), the independent airline, has arranged additional financing through Chemical Bank that permits it to buy out a minority shareholder and provide for future aircraft acquisitions.

Mr Michael Bishop, chairman, said yesterday that Chemical Bank had provided an S11m loan facility to existing controlling shareholders (75 per cent) of British Midland, to enable them to buy out the 25 per cent minority interest held by Dr R. F. Beauchamp, of California, with the remaining interest in certain aircraft previously leased to BMA.

Chemical Bank has also arranged and guaranteed a 12-year UK tax-lease facility covering two McDonnell Douglas DC-9s for BMA, which will join the airline's existing fleet of six DC-9s.

Chemical Bank has provided the necessary finance to acquire a McDonnell Douglas DC-10 long-range tri-jet, which will be available for lease by BMA from April, 1985, should the airline want such an aircraft for future operations.

As a result of those financial arrangements, Mr David Morris, vice-president of Chemical Bank, in charge of the bank's special finance group in London, has joined the board of BMA as a non-executive director.



Mr James Prior: pessimistic on political progress

Prior set to leave this year

By Brendan Keenan in Belfast

MR JAMES PRIOR, Northern Ireland Secretary, confirmed yesterday that he would be leaving his post soon and would probably return to the backbenches of the House of Commons, this year.

In an interview in The Irish News, the Belfast morning newspaper, he said: "I think the chances are that I will be leaving this summer, and although I think Mrs Thatcher is quite prepared to keep me in the Cabinet, the chances are I will return to the backbenches."

Mr Prior was pessimistic about the prospects of early political progress in Ulster, and thought his successor should probably take some time to get acquainted with the situation. "I simply do not believe that it is going to be solved in the space of two or three months or six months. It is going to be a long, slow process."

His comments appear to reflect thinking in the Northern Ireland Office that it would not be wise to expect early dramatic initiatives, either in Northern Ireland or in Anglo-Irish talks. But they hope that some impetus may be given to the political process by a summit meeting between Mrs Margaret Thatcher, the British Prime Minister, and Dr Garret FitzGerald, her Irish counterpart, in the autumn.

Mr Prior said he sometimes despaired when he talked to the two camps in Northern Ireland because both had got themselves so deeply dug in. But Northern Ireland had left an imprint in the way that no other job in the Government ever could and he intended even from the backbenches to continue to play a part in seeking a political solution.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Matsushita's Chicago plant

How a gamble paid off after ten years

Terry Dodsworth on a fusion of Japanese and U.S. managements

IN THE past 10 years, Richard Kraft has undergone a complete professional conversion. Back in 1974 he was working in a typical, though rather run-down, U.S. television plant. Now, as president of Matsushita Industrial Company, he still works in the same dated-looking 1950s factory in the Chicago suburbs. But it is now organised on a Japanese-style system—and the difference, he says, could not be greater.

The past decade has been equally educational for Keiichi Takeoka, President of Matsushita Electric Corporation of America and, for most of the period, the overall head of the Chicago plant.

Matsushita, one of the three largest household electrical companies in Japan, came to the U.S. with an awful lot to lose. It was one of the first Japanese groups to make a really large-scale investment in an existing U.S. business and there must have been times in the early days when Takeoka wondered whether the gamble would come off.

For tactical reasons the group had decided to acquire rather than build, a plant—it wanted to buy market share rather than cause more friction by taking sales away from other domestic producers.

After taking this step, however, it was faced with having to adapt a manufacturing operation which had well established traditions completely different from its own. "We knew before we arrived that there would have to be a radical change," says Takeoka. "The past 10 years have not been easy."

The plant, acquired from Motorola, was a relatively large one, with a payroll of more than 2,000 back in 1974. Its workforce, drawn from an exceptionally diverse ethnic background of Poles, Hispanics, Blacks, Italians, Arabs, and with a large percentage of women, was by no means militant. But there was no tradition of co-operative management or communications in the plant either.

In style, therefore, the management was fairly typically American, with operating standards deliberately imposed from the top. The tooling on the shopfloor was obsolete, partly because at the time it sold out Motorola was shifting the emphasis of its business into electronics.

According to Takeoka, it took Matsushita seven years to turn this operation into profit. A full decade after the takeover, however, it is now producing a healthy return for the group, generating sufficient cash to be able to fund its own requirements, and achieving financial standards which are above the average of Matsushita's overall overseas interests.

To reach this point, Matsushita has gradually integrated the American and Japanese management systems until it has arrived at a satisfactory mix for both sides. "We have sought," says Takeoka, "to blend the two cultures"—a process which has involved action in virtually every aspect of the company's operations.

The first, crucial, decision was that the takeover of the U.S. plant should not be treated simply as a change of ownership. Takeoka was determined to make radical alterations to operating methods, even though he wanted the Americans to have a real voice.

"We believe that in an American plant, our ideas should be penetrated by an American philosophy. But we nevertheless invested the money so that our Matsushita philosophy should be a real part of the operation."

Second, the Japanese have sought to apply their ideas principally through American operational management. "I tried not to force them too much into the Japanese way," says Takeoka. "Instead, I tried to create as full an understanding as possible of our methods among the American top management. Richard Kraft went to Japan a lot, saw the advantages of our methods, and himself absorbed the Japanese management style."

This is not to say that the Japanese have bowed out entirely from the day-to-day running of the business. A Matsushita executive controls finance, as might be expected in a Japanese multinational, and in all there are about 20 other expatriates working mainly in component supplies (where the Japanese language is important), quality control and production technology.

Third, the Japanese have put enormous emphasis on quality. This is not an unusual point in a Japanese owned company in the U.S., where superior quality products are frequently seen as a key marketing weapon. But it is still surprising to find the intensity of effort which Matsushita gives to it—to a degree, even, where productivity is scarcely mentioned, and seems to become a by-product only of upgrading the quality standards.

"We have not forced people to adapt to the Japanese style," says Takeoka. "But we have tried to get a full understanding among employees of the importance of quality—to show them that unless it was improved, this company would go bankrupt." When asked how the change was engineered, Kraft says that it came through a combination of investment and the stubborn refusal to accept sub-standard products, sending them back until the message got through.

The quality of output in Chicago is still not as high as Matsushita achieves back in Japan. But it is immeasurably better than when the company started to tackle the problem 10 years ago.

Measured by a rather arcane standard which generates points for every fault in 100 sets, the Chicago plant has fallen from 147 defects to around 2, compared with a level of close to zero in Japan.

Fourth, Matsushita made a decisive switch to a more communicative style. From the beginning, the group (motto: We have many presidents) moved towards a system which brings the workforce into a more co-operative relationship with production management.

Although quality circles were introduced two years ago, and are beginning to make a positive impact, according to Kraft, the main focus of this process is regular management committee meetings. This is underscored once a year by a policy forum in which 150 of the production management team are brought together for discussion.

The meetings are designed to cover product actions, sales and the profitability of the company—and the information disseminated is regarded as available to the whole workforce. The production lines are stopped for about 15 minutes once a week so that shopfloor supervisors can answer questions and explain policy in groups of about 30 workers. "We never had anything like this at the old company," says Kraft.

Fifth, the Japanese poured money into technology. Takeoka will not give figures on the amount of investment, but he says there was a clear need when he arrived to "reduce the cost of the products while improving the quality."

All the product lines have been replaced, infecting both the most up-to-date technology available and a system in which individual sections of the conveyor belts can be stopped independently of the rest. This technique allows workers to spend more time on a particular item if necessary. At the same time, the U.S. business has reaped the technological benefits of being able to import the product designs of the Japanese parent, the largest television manufacturer in the world.

The sum of all these changes adds up to a very different business from the one the Japanese found ten years ago. Both Takeoka and Kraft believe that they have developed a workable blend of Japanese and U.S. systems. The Japanese have deliberately steered clear of the cliche images of their own methods—the morning calisthenics, or the pervasive company slogans, for example.

The Americans, for their part, have made some response to the philosophy which sees the workplace less as a daily battleground, and more as a communal playing field. And the U.S. management has emerged with a great respect for the Japanese.

Commenting on the famous Japanese reputation for patience, Kraft contends that American management tends to be too closely focused on short-term performance—"pleasing shareholders in the next quarter," as he puts it. Japanese patience, he says, masks total impatience over any failure to meet obligations.

"I can take a plan to management explaining how we can make money five years from now, and it will be accepted. But that is where the patience stops. On every step along the way we shall be examined and watched, and if we fall off the path we shall be expected to have instantaneous counter plans to get back on course again. The demand for performance of targets is exacting. You are expected to do what you said you would do."

Greater willingness to co-operate

IN THE colourful folklore of U.S. trade union history, the shopfloor of mainline, high volume manufacturing industry has a particularly vivid image. It is pictured as a relentless, high-pressure environment, a place where the raw structure of capitalism shows through in a pitiless tug-of-war between the managers and the managed.

There are still plenty of trade unionists in the industrial north who will say that this notion is as true today as when Walter Reuther, the great organiser of the car workers, was having his head broken by Henry Ford's security henchmen in the 1930s. But there are also an increasing number of workers, even at Ford, who would contend that things are changing. Companies everywhere across America are moving towards more co-operative styles of management.

It is difficult to escape the conclusion that the Japanese loom behind much of this development like unseen puppet masters. In a minimal way, they are influencing the American system by introducing more participative, Japanese-style management in their own plants in the U.S. But in a broader sense, the Japanese industrial challenge to the U.S., the subject of intense fascination to American management, is inducing many U.S. companies to experiment with ideas adapted from across the Pacific.

This point was brought home explicitly in a recent study by the Conference Board, the privately-funded business organisation, on the subject of human resource management. The board interviewed 52 companies to find out what they are doing in this field, and why. In virtually every discussion, the question of the Japanese came up, sometimes quite inadvertently, it says.

The main impetus behind the new systems is to increase productivity, while improving the work environment and product quality—all areas where U.S. companies indulge in perpetual breast-beating when they compare themselves with the Japanese.

They are thus essentially management-inspired. Indeed, the trade unions frequently see them as a threat, designed to squeeze greater work output from the labour force (which, of course, is quite true), or even make the unions redundant (in many cases, established northern companies have gone off to Sunbelt areas to start up non-union plants which utilise these more co-operative methods).

The Conference Board report suggests that the practice of using the more participative methods is now so well established in many companies that it will be difficult to dislodge.

A rich variety of ideas is being fostered. It includes problem-solving groups, vertically integrated business teams which participate in decisions on product development, autonomous work teams with power to implement changes, productivity sharing plans, where the benefits of gains are distributed according to a pre-conceived formula, quality circles and labour-management participation arrangements which directly involve the trade unions.

This experimentation also suggests that U.S. industry is taking Japanese ideas and adapting them in a variety of ways to suit the different environment. American culture, with its history of absorbing and blending many different ethnic tradtions, is pre-eminently well-suited to this process of adaptation.

Another fad

There are also many U.S. critics of the new systems. Some managers, says The Conference Board, believe that these techniques will eventually be judged as simply another fad, while others think that they are just skating over the surface of traditional structures and not really altering the way organisations behave.

Yet the Board's general conclusion is quite emphatic. The changes it says, are here to stay. It is, it adds, the "general belief of most of the executives and practitioners consulted for this study that the experience now being gained in participative management, quality-of-work-life efforts will yield a reliable alternative managerial style, necessary for the future of U.S. productivity."

Innovations in Managing Human Resources. Published by The Conference Board, 845, Third Avenue, New York, N.Y.10022. Report No 849.

T. D.

Business reading

DECIDING which business book to read has always been rather a hit-and-miss affair. Apart from word-of-mouth, and publishers' advertising hype, there's never been much to go on. With 50,000 business books now on sale in the U.S. (even tiny Britain has over 15,000 in print), the choice is more difficult than ever.

So yesterday's publication of a well-researched "Good Book Guide for Business," with only 600 entries, is decidedly welcome.

Published jointly for The Good Book Guide and The Economist by Penguin in the UK (and, from October, by Harper and Row in the U.S.), the guide covers a wide cross-section of subjects. They range from "Today's issues" to "Small business and the enterpreneur," and from "Ideas for the Future" (such authors as Toffler and Drucker) to "Understanding computers" and "Achieving health, wealth and a successful career."

The strengths of the guide are its wide scope, its clear and attractive layout, the brevity yet readability of its entries, its multi-purpose indexes, and the obviously sound judgment of its editors and two dozen reviewers.

The guide's weaknesses lie in the lack of international balance within some of the subject sections, in the weakness of a few of the sections, and in the apparent tendency to include certain books almost because of their very "newness" (some are hardly off the presses).

Thus the various sections dealing with technology, with the social impact of micro-electronics, and with leadership, have a heavily British bias which bears little relationship to the number of each country's book output on the subject (of course the British may be wiser than the Americans, but that's another story . . .) This may limit the guide's sales outside the UK, and particularly in the U.S. itself.

Particularly disappointing is the relative lack of entries dealing with two of the prime concerns of business in the 1980s: Japanese management; and manufacturing strategy. Japan rates only 13 entries (at least two of which are reference books).

Price £9.95, paperback.

Christopher Lorenz

THE ARTS

Arts Week

F	S	Su	M	Tu	W	Th
27	28	29	30	31	1	2

Theatre

TOKYO

Cats (Cats Theatre), The special tent theatre, excellent set, good dancing and Kabuki-derived movement make the Japanese version worth seeing. Shiki Company, directed by Keita Asari. (320 1001).

LONDON

Little Shop of Horrors (Comedy): Campy off-Broadway import which is less good than The Rocky Horror Picture Show but which has a curious charm, a full-blown performance from Ellen Greene and an exotically expanding man-eating prickly plant. (930 2578).

Pack of Lies (Lyric): A decent, enthralling play about the breaking of a spy ring in the suburban Ruislip of 1959-60. Hugh Whitemore's script cleverly constructs a drama about betrayal from the friendship of neighbours. The story is based on fact and well directed by Clifford Williams. (437 3686).

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143).

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a cliff-top rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592).

Noises Off (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

Serjeant Musgrave's Dance (Old Vic): Notable cast headed by Albert Finney, Eileen Atkins and Max Wall in a limited season revival of John Arden's fine play. (928 7616).

Pygmalion (Shaftesbury): Peter O'Toole is ridiculously mesmerising as Higgins in an otherwise coarse revival of this resiliently entertaining play. John Thaw is a robust Doolittle, Joyce Carey a fragile Mrs Higgins, Jack Watling a compliant Pickering, Jackie Smith-Wood an earthy but dubiously Cockney Eliza. (836 6596).

Benefactors (Vaudeville): Michael Frayn's third play in London – he also has *Noises Off* and his Anouilh translation, *Number One*, at the Queen's – is a deft, menopausal comedy about love among the architects as the bottom drops out of the high rise boom in the early 1970s. Michael Blackmore's case are Patricia Hodge, Oliver Cotton, Tim Pigott-Smith and, best of all, Brenda Blethyn. (836 9988).

Starlight Express (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rusing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

Measure for Measure (Barbican): Juliet Stevenson as Isabell confirms her promise as the RSC's brightest young actress, a worthly successor to Ashcroft and Dench, in Adrian Noble's resplendent production. (628 8795).

NEW YORK

Romeo and Juliet: Joseph Papp's Shakespeare Festival is performing in the city parks this year the Riverside Shakespeare company's version of Heartbreak in Verona. All performances free with the encouragement of bringing a blanket and picnic. (877 6810).

Sunday in the Park with George (Booth): Not your conventional musical. Stephen Sondheim's latest is an inspired pairing with director and playwright James Lapine to bring George Seurat's painting to life, with Mandy Patinkin as the painter and Bernadette Peters as his imagined girlfriend, Dot. (239 6262).

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot children's poetry set to trendy music is visually startling and choreographically *feline*, but classic only in the sense of a rather staid and overblown *idea* of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the apropriately brash and leggy hoofing by a large chorus line. (977 9020).

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450).

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200).

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246).

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370).

Brighton Beach Memoirs (Neil Simon): If he wasn't sure before, playwright Neil Simon can expect a long run of his funny as well as touching childhood reminiscences now that the Nederlander organization has generously decided to name the theatre after the generation's outstanding box office draw. (757 8646).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

WASHINGTON

Henry V (Folger): Philip Kerr directs the resident acting company led by Edward Gero as the charismatic Henry to the field of Agincourt, facing John Wylie as King Charles. Marjory Wright, the wife of the British Ambassador, plays Mistress Quickly. Ends July 1. (546 4000)

Jerry's Girls (Eisenhower): After so many revivals of Hello Dolly, singer Carol Channing and songwriter Jerry Herman have found a new package for this fruitful collaboration. (254 3670).

Opera and Ballet

NEW YORK

New York City Opera (New York State Theater): The company's 40th season continues with La Traviata, re-directed by Frank Corsaro, conducted by Klaus Weise with Marianna Christos singing Violetta and Robert Grayson singing Alfredo, as well as La Bohème conducted by Imre Pallo with Maryanne Telese as Musetta and Richard Leech as Rodolfo. Turandot, Barber of Seville and Magic Flute will also be performed. Lincoln Center (870 5570).

SALZBURG FESTIVAL

Idomeneo conducted by James Levine with Elizabeth Connell, Yvonne Kenny, Trudeliese Schmidt, William Lewis, James Morris and Luciano Pavarotti and the Vienna Philharmonic and Vienna State Opera Choir (Fri and Thur).

Cosi fan tutte, conducted by Ricardo Muti with Kathleen Battle, Margaret Marshall, Ann Murray, Francisco Araiza, Sesto Bruscantini, James Morris and the Vienna Philharmonic and the Vienna State Opera Choir. Small Festival Hall (Sun).

Macbeth conducted by Ricardo Chailly with Ghena Dimitrova, Margarita Lilowa, Piero Cappuccilli, Nicolai Ghiaurov, Kurt Rydl and the Vienna Philharmonic, the Vienna State Opera choir and the Sofia National Opera Choir (Mon). Large Festival Hall.

Der Rosenkavalier conducted by Herbert von Karajan with Agnes Baltsa, Graciela de Gyldenfeldt, Kurt Rydl and the Vienna Philharmonic and Vienna State Opera Choir. Large Festival Hall.

Information (0662/42541).

VIENNA

The Merry Widow conducted by Rudolf Bibl at the Volksoper (Mon). (5324/2657).

Die Fledermaus conducted by Rudolf Bibl. Staatsoper. (Wed). (5324/2655).

Vienna Chamber Opera: Strauss's Vienna Blood (Mon, Tues and Thur) and Mozart's La Finta Giardiniera (Wed, Fri and Sat). Schönbrunn Palace Theatre (85 96 93).

ITALY

Rome: Teatro Argentina: Festival of Operetta – A different opera every night including Offenbach's La Belle Helène and Strauss's Il Pipistrello. Each evening ends with a fancy-dress ball offered by the respective embassies (held in the Parco dei Daini, Villa Borghese). (6544601).

Rome: Terme di Caracalla (Teatro dell'Opera Company): Tosca conducted by Silvio Varviso with Sylvia Sass (Tosca), Giuseppe Giacomini (Cavaradossi) and Juan Pons (Scarpia) (46 17 55).

LONDON

Royal Opera House, Covent Garden: The Royal Ballet plays every night except Sunday with a mixed repertory and a new ballet by Ashley Page, his first professional work, as part of a triple bill on Thursday. (240 1066).

Dominion Theatre: London Festival Ballet with Giselle followed by a triple bill. (580 9562).

WEST GERMANY

Munich, Bayerische Staatsoper: Munich opera festival. The last week of performances opens with the Magic Flute, with Edita Gruberova, Cheril Studer and Peter Schreier. Wagner's Rienzi is steered to triumph by Cheril Studer in the title role. Francesco Cilea's Adriana Lecouvreur, sung in Italian, is conducted by Guiseppe Patane, with Margaret Price and Neil Shicoff. Ariadne auf Naxos brings together Trudeliese Schmidt, Edita Gruberova and James King. Die Meistersinger von Nürnberg with Wagner specialists Theo Adam, Rene Kollo, Peter Schreier and Lucia Popp closes this year's events.

Music

VIENNA

Kattowitz Philharmonic Orchestra, conducted by Karol Stryja with Konstanty Kulka, violin. Ravel, Szymanowski and Brahms (Tue). Kattowitz Philharmonic conducted by Tamas Koncz. Brahms and Mussorgsky (Thur). Both at the City Hall Arcade Court (42 800/2085).

Ludwig Doerr, organ: Bach, Reubke, Improvisation, Augustinerkirche (Mon).

SALZBURG FESTIVAL

Vienna Philharmonic conducted by Claudio Abbado with Zoltan Kocsis, piano. Mozart and Bruckner. Large Festival Hall (Wed).

Alfred Brendel: Schubert piano sonatas. Large Festival Hall (Thur).

Josef Suk, violin. Soloist and conductor of the Suk Chamber Orchestra. Vivaldi, Mozart, Vanhal and Suk. Mozarteum (Thur).

Information: 0662/42541.

LONDON

Academy of St. Martin-in-the-Fields, directed by Iona Brown. Handel, Bach and Vivaldi. Royal Albert Hall (Mon). (589 9465).

English Chamber Orchestra, conducted by Sir Alexander Gibson. Stravinsky, Mozart, Hans Werner Henze, with Yuzuko Horigome, violin and Nobuko Imai, viola. (Royal Albert Hall (Tue).

BBC Symphony Orchestra, conducted by Elgar Howarth. Harrison Birtwistle, Bartok and Berio. Royal Albert Hall (Wed).

Bournemouth Symphony Orchestra, conducted by Rudolf Barshai, with Michael Roll, piano. Mozart, Britten and Shostakovich. Royal Albert Hall (Thur).

PARIS

Orchestre Symphonique Franco-Allemand conducted by Jean Thorel, Caroline Lupovici, piano, Thomas Thyllack, cello. G. Pierne, Saint-Saens (Mon 8.30pm). Assas Law Faculty, 92 Rue d'Assas, Metro Vavin.

Jean-François Zygel, piano: One hour with Claude Ballif (Tue 6.30pm) Townhall of the 5th Arrondissement, 21 Place du Pantheon, Metro Luxembourg.

Italian Chamber Music by Antiqua Nova Ensemble: Rossi, Granata, Kapsberger, Vivaldi (Wed 6.30pm). Musée Carnavalet, 23 Rue Sevigne, Metro Saint-Paul.

Kronos Quartet: Riley, Schulthorpe, Ballif, Boulez, Shostakovich (Thur 8.30pm). St. Severin-Church, Metro Saint-Michel.

All the above concerts are part of the Paris Festival Estival (Call 549 1483 Tue to Sat 10am till 7pm, or 225 2255 Mon to Sat 11am till 7pm for information and bookings).

NEW YORK

New York Philharmonic: Free open-air concerts in various New York City parks continues its 20th season with James DePreist conducting. Barber, Haydn, Tchaikovsky. Co-op City, The Bronx (Mon) and Marine Park, Brooklyn (Tue). (877 2011).

New York Choral Society (Cami Hall): The last month in the 24th summer of sings starts with Frank Nemhauser conducting the Mannes College of Music in a programme of Bernstein, Stravinsky and Haydn (Tue). James Kurtz conducts an all-Berlioz programme sung by the Fordham University Chorus and Habeas Chorus (Thur). 57th & 7th Av (873 0096).

WASHINGTON

National Symphony (Wolf Trap): Celebrating the re-opening of the Wolf Trap concert hall after its disastrous fire, the National Symphony teams with Placido Domingo for the beginning of this year's truncated season (Mon).

CHICAGO

Ravinia Festival: Misha Dichter piano recital. Schubert, Liszt (Mon). Cho-Liang Lin violin; Frederick Zlotkin, cello. Misha Dichter, piano. Grieg, Rachmaninov, Dvorak (Wed); Chicago Symphony. Edo de Waart conducting, Stephen Hough piano. Dvorak Brahms (Thur). Highland Park (728 4642).

Exhibitions

ITALY

Venice: Amid continual justified complaints about the impossibly short and inconvenient opening hours of most Italian museums and art galleries, the Guggenheim Collection, from having been one of the least accessible, has become the most – and will now be open every day (except Tue) from 12 to 6pm (also Sat from 6 to 9pm free of charge). The Saturday evening opening is the result of an agreement between the Solomon Guggenheim foundation of New York and Montedison.

Venice: Palazzo Grassi: This year, the historical section of Venice's Biennale offers a huge and splendid collection of painting, sculpture, furniture and pottery dating from the Viennese Secession. This was the Viennese version of Art Nouveau, which began as a splinter-group formed by Gustav Klimt in 1897. The exhibition includes Klimt's enormous Beethoven frieze, and the poster advertising the secessionist group's first showing in 1898 – then considered scandalous, but which led to Whistler's nominating him a member of the Society of Painters, Sculptors and Engravers of London. Also works by Oskar Kokoschka, Egon Schiele, Hoffmann, Mackintosh and the Glasgow School. Ends Sept 9.

TOKYO

Chinese Ceramic masterpieces (from the Shanghai Museum of Art), continues the series on ancient art, of which the Gandhara was the most recent, at the Seibu Museum. There are 98 important ceramic pieces from the Neolithic Age (4100-2300 BC) through succeeding dynasties to Qing (1736-1975 AD). The former is represented by an elegant and refined openwork stem cup in black: the latter by the more familiar style vase with closely painted design. A wonderful cross-section of Chinese ceramic masterpieces, the yield of recent excavations, Seibu Department Store, Ikebukuro. Ends Sept 5.

China: Bronze objects and early printed books. Over 50 items produced between Yin Dynasty (14th-11th century BC) and Mind (1368-1644 AD) including important cultural properties. Okura Shukokan Museum opposite Hotel Okura, ideally located for breathing space in business schedule. Ends Aug 26.

PARIS

Charles Schneider – an artist with glass and a magician with colours – began with Art Nouveau and its floral themes to become a pioneer of Art Deco with its geometrical design in his vases, goblets and lamps in rich hues. Louvre des Antiquaires, 2 Place Palais-Royal, 11am – 7pm. Closed Mon, Ends Sept 16.

Musée de l'Orangerie. The Jean Walter and Paul Guillaume collections are now permanently exhibited in the newly restored Orangerie museum – the pendant to the Jeu de Paume. The museum houses 144 works from Impressionism to the 1930 period. Renoir is richly represented with 24 of his paintings – among them the well-known Young Girls at the Piano, Cezanne with 14 paintings, Matisse with 11. The public will be delighted to be able to view again Douanier Rousseau's Wedding Party and The Cart, Picasso's Women Bathing and other favourites. Musée de l'Orangerie, Metro Concorde, 9.45am – 5.15pm, closed Tue (265 9940).

LONDON

The Tate Gallery: The Hard-Won Image – this summer's sequel to last year's New Art – is a personal survey by Richard Morphet, of the Tate, of British figurative painting and sculpture from the late 1950s to the present. It is a useful and even important show, for it makes the point almost in spite of itself that figurative art, far from being revived in recent years, never actually went away. The strength in depth of our figurative artists in this period is indeed gratifying. Bacon and Moore are the presiding masters; Hockney, Kitaj (honorary Englishman as it were), Andrews, Blake all predictably, and rightly included; Symons, Greenham, Collins, Weight, Harman and Lessore brought into deserved prominence; and the stars are Uglow. Freud, Auerbach, and Kossoff most of all. Endes September 9.

The Royal Academy: 216th Summer Show – by tradition the event that brings in the London Season, and the middle classes in their masses. It is always something of a muddle, as would be any show of many hundred works chosen from several thousand sent in. This year, with 1,757 from more than 12,000, the Summer Show is the largest ever. But it is still enjoyable, if you can take the terrors as they come, and make the effort to look for the very many good things by Academicians and outsiders alike. The Academy's membership has been gaining in strength over many years, and now has rather more than a fair claim to occupy the centre of the British Art Stage. Peter Blake, Eduardo Paolozzi, Allen Jones and John Hoyland are only some of the most recent elections. Ends August 19.

NEW YORK

Whitney Museum: 80 oils of landscapes, interiors and portraits by Fairfield Porter conclude their nationwide tour in New York. Part of a reassessment of this realistic painter who died in 1975 in a period of relative neglect, the show has a large selection from the painter's last period, when Impressionistic strokes captured New England landscapes and domestic scenes. Ends Aug 19.

Guggenheim Museum: 85 sculptures and works on paper from the permanent collection cover Degas to Calder, and include Arp, Brancusi, Giacometti, Modigliani, Moore and Miro. Ends Sept. 9.

WASHINGTON

Mark Rothko (National Gallery): 86 works on paper by a leading contemporary American artist begin a national tour with this exhibit in the East Building. The highlights are vivid watercolours from 1968 and 1969, a period when Rothko's canvases were already tinged with the sombre browns, blacks and greys that anticipated his suicide in 1970. Ends August 5.

CHICAGO

Museum of Contemporary Art: Italian sculptor Giuseppe Penone concentrates on the interaction of man and nature by, for instance, growing potatoes in moulds of his sensory organs and then casting the agglomeration in bronze. The artist will create a 20 foot drawing on one wall of the museum that will be erased at the end of the show. Ends Aug 8.

VIENNA

The Cliche and the reality of Viennese women in their fight for emancipation at the turn of the century. Hermesvilla, Lainzer Tiergarten. Until March 1985.

INNSBRUCK

"The Tyrolean Nation 1790–1829": Prints and paintings illustrate the Tyrolean peoples' fight against Napoleon and their fruitless struggle for nationhood under their charismatic leader Andreas Hofer. At the Tyrol Provincial Museum, Innsbruck, until 14 October.

WEST GERMANY

Hanover, Kestner Museum, Trammlplatz 3: Egyptian art from 4,000 BC to 1,000 AD is documented by 200 sculptures, objects and photographs. Ends Aug 5.

Berlin, Nationalgallerie, 50 Potsdamer Strasse: The last West German venue of a Max Beckmann retrospective with 300 oil paintings, drawings, water colours and graphics by the outstanding German expressionist. Ends July 29.

Frankfurt, Städel, 63 Schaumainkai: Ulrich Rückriem, a contemporary German sculptor, is exhibiting eight stone sculptures from the last two years most never shown before. Ends Aug 19.

Berlin, Nationalgalerie, 50 Potsdamer Strasse: Leon Polk Smith, the U.S. hard-edge artist, shows 30 collages from between 1980 and 1983. Ends July 29.

Munich, Villa Stuck, 60 Prinzregentenstrasse: A survey of the work of Oskar Schlemmer, the German Bauhaus teacher (1888 to 1943). Another exhibition is dedicated to Albert Welti, the Swiss painter (1862 to 1912), concentrating on one of his major paintings and preparatory drawings. Both end Aug. 19.

NETHERLANDS

Stedelijk Museum, Amsterdam. Eedy de Wilde, retiring soon as director of this fine museum of modern art, has selected a final summer exhibition concentrating on acquisitions he has made in the last 21 years. Until August.

BRUSSELS

Belgian Medicine from the Middle Ages to the 19th century. Kredietbank. Ends Aug 5.

Cinema/John Pym

The gospel according to Spock

Star Trek III – The Search for Spock, directed by Leonard Nimoy
Highway to Hell, directed by Mark Griffiths
Children of the Corn, directed by Stephen King
Fire and Ice, directed by Ralph Bakshi and Frank Fazetta
Cannonball Run II, directed by Hal Needham
The Wind, directed by Victor Seastrom

Star Trek, the television serial, enjoyed a steady success; and from modest beginnings it was, as the years passed, puffed into a gilt-edged cult. The first movie spawned by the serial, directed by Robert Wise, was distinguished by elegantly conceived sequences of *2001*-ish space ballet. We have now reached *Star Trek III — The Search for Spock*. Leonard Nimay (Spock himself) is the director this time out and it looks very much, as matters unfold, that we have at last reached the end of the line.

Admiral Kirk, the indestructible William Shatner, is in deep water. The last episode, *The Wrath of Khan*, ended with the creation of a new planet, Genesis, and the death of Spock. The tight-lipped Kirk is returning to Earth bereft: worse is to follow. Kirk's headstrong son David is killed through his father's misjudgment, and the beloved spacecraft "Enterprise" is scuttled by its captain. Kirk's sanguine crew (and the cast have all reported back for duty) are as supportive as ever, but without Spock can the adventure, in the serial's catchphrase, really continue?

The Search for Spock, which takes an awful long time resurrecting the omniscient Vulcan, ensures finally, however, that it will. For those who have not developed a taste for this High Camp hokum the pronouncements which issue forth whenever an "Enterprise" crewman opens his mouth may at first seem impossibly sententious. The point, of course, is to surrender to the silliness and rejoice at the steadfastness of the players.

The scale remains that of television, and the effects, though sometimes spectacular in the now familiar Kubrick manner, derive from Saturday serials — Genesis, for example, is all potted-plant jungle and soapflake snow. Christopher Lloyd is a crab-headed villain closely related to the spaced-out loony familiar to admirers of *Taxi*, while James B. Sikking has a cameo even closer to the character he plays in *Hill Street Blues*. It is as if writer-producer Harve Bennett wished to add to his collection of characters players preserved in amber with others from hit TV serials of more recent vintage.

*

Highway to Hell is a serviceable American thriller written and directed by Mark Griffiths. Like its catchpenny title, this independent picture is not without its ration of standard ingredients: on his way to Death Row in San Quentin, young Danny Hicks evades his escort and goes on the run with golden-hearted hooker Charlene Andrews who has written to him adoringly during the trial because he resembled her first love . . . But the film-makers know what they are about: the plot is punchy, violent (but not offensively so) and pared.

Griffiths was a scriptwriter on *The Rockford Files* and Stuart Margolin from that exemplary series is cast here as the hard cop bent on avenging the death of his second-rate partner not for friendship's sake but because Danny took his own gun to shoot the man. Margolin has a practised ease, shared by the rest of the cast, which does not draw attention to itself: not being a star star, he's a perfect fit for the B-picture material.

The film is, however, by no means all formula, and, as in *Rockford*, a digressive observation of off-the-wall characters is part of the point. Charlene's brutish sugar daddy, an impotent pimp from whom she vainly seeks help, an old ex-con who aids then robs the fugitives are all allowed their moments. Eric Stoltz and Monica Carrico as the doomed couple—he as defensive of his sexuality as Clyde Barrow, she as irrepressible and supportive as Bonnie Parker — give notably vivid performances. But unlike Arthur Penn, the eulogist of Bonnie and Clyde, Mark Griffiths and his partner, producer David Calloway, are careful to preserve not break the mould. Danny and Charlene may not touch our hearts, but they do hold our attention.

*

Highway to Hell is as trim as an old-style New World picture. *Children of the Corn*, the latest bucket of blood to be drawn from Stephen King's bottomless well, is a trim offering, bearing a New World copyright, but one that lacks a good deal of that production company's old rough urgency. A wholesome couple, he an MD about to take up his first job in Seattle, are motoring through the maize fields of Nebraska when they run over a boy with a freshly cut throat.

There's rum goings-on in the nearby town of Gatlin: all the older folk have been bumped off and the place is now littered with corn totems. The kids have fallen under the influence of a junior hellfire preacher and his psychopathic henchmen, the latter a nasty redhead given to showing as much gum when he sneers as Christopher Lloyd's slavering devil dog in *Star Trek III*.

The couple investigate and it takes for ever, as usual, for the penny to drop. This is all very well, but, unlike Mark Griffiths' film which discreetly ties up all its loose ends, this meandering piece of mumbo-jumbo is almost wilfully implausible. A whole town has been wiped out: it's odd, is it not, that this could have gone wholly unremarked by hte outside world for three years. The corn whispers conspiratorially and Satan — if indeed it is Satan—makes a late appearance as a giant mole.

*

Evil, this time in the person of an albino prince, reminiscent of a posturing Sixties rock star, is engaged in a fantastic struggle with Good, represented by a Conan-like hulk, in Ralph Bakshi and Frank Frazetta's *Fire and Ice*, an animated picture which uses the live-action "rotoscope" device to enhance the realism of human movement. There is much bloodless slaughter and the odd happily chomping prehistoric monster, but the story, which takes place against grandiose but unmoving backdrops, is chiefly marked by Frazetta's old - fashioned preoccupation with pin-up girl curves—old-fashioned in the sense that G-strings and bikini tops remain coyly but firmly in place.

*

To satisfy family honour, an idiot Son of the Desert must win a coast-to-coast no-holds-barred American road race. From this plotline are suspended many snippety gags. A star (and many of them top-rankers from years gone by) has been hired for every role in *Cannonball Run II*; and while much of the humour is nudgingly obvious, it's impossible to find nothing diverting in a movie with Shirley MacLaine and Marilu Henner as a pair of bogus nuns and Burt Reynolds and Dom DeLuise as a jesting human cannonball act.

The automobiles are written off as if there was no tomorrow, but this knockabout indulgence is not a patch on the director Hal Needham's *Smokey and the Bandit*, which made far more original use of Burt Reynold's facetiousness. We are treated to some outtakes with the end credits, in one of which Dom De Luise, who has corpsed for the umpteenth time, gasps despairingly, "Why doesn't someone say cut?"

*

Finally, a word of praise for last week's re-run of Victor Seastrom's 1928 melodrama *The Wind*, which was shown to a packed, gratified audience at the Dominion with Carl Davis and the English Chamber Orchestra whipping up giamyThITHM whipping up a mighty storm as the villain has his way with Lillian Gish, the Virginian innocent. "Live cinema" as it's now called—silent pictures, in good condition, properly projected and with orchestral support—has proved it can command a substantial London audience. Those irrepressible enthusiasts Kevin Brownlow and David Gill bankrolled *The Wind* screening. Will not others now step forward?

Danny Hicks in "Highway to Hell"

Arts Council reprieves cost £500,000

The Arts Council has weakened somewhat in its plan to release more money for regional development by dropping some of its less successful clients. After hearing appeals from the victims of its "Glory of the Garden" review of its activities it has decided to reprieve some companies, at a cost of around £500,000.

The Gateway Theatre, Chester; the Harrogate Trust; the Wakefield Tricycle at Kilburn; and the Temba Theatre Company, will continue to receive Arts Council money, although perhaps not at the previous level. Opera 80 has been preserved for another year while discussions continue about its future, and the Horseshoe Theatre, Basingstoke, and the Rochdale based touring company, M6, get a modified reprieve while the Arts Council talks with local authorities and the regional arts associations about how they can be helped.

Limited funds will be made available for the Kings Lynn Festival and the York Quadrennial Festival, and the literature budget has been increased by £60,000 for 1985-86 to provide for a small number of writers bursaries and for a new scheme for the distribution of small press poetry books.

into the £3.5m saved from drop-appeals from all the axed companies, but Mr Luke Rittner, secretary general of the Arts Council, said that the money to help the groups will not bite intothe £3.5m saved from dropping 40-odd arts organisations.

The saved companies will in future be funded in the main by the appropriate regional arts association as part of the general strategy of leaving financial decisions to the people on the spot.

The Arts Council is still committed to saving £280,000 by cutting its cash for the London Orchestral Concerts Board. It admitted that its plan to fund a major orchestra based in Nottingham has run into problems, with no enthusiasm being shown by the local authority, but it is pursuing the idea of a chamber orchestra for the region.

But while it hopes that the four London orchestras be reduced to three, and it believes that it will screw up its courage to decide which of the four should be deprived of funds, the Arts Council said yesterday that the *status quo* might be maintained.

Red Star/The Pit

Michael Coveney

Having just ruined a modern classic in its main London auditorium, the Royal Shakespeare Company is obviously trying to make earnest amends by putting on a Brechtian satire about Stalin in its bunker Barbican studio. What, after all, is three hours of cultural torture to the determined theatregoer after the previous night's two and a half of mere embarrassment?

Charles Wood is the author, a writer who has always transformed direct personal experience into the stuff of dramatic invention. A screeplay for Tony Richardson's *The Charge of the Light Brigade* starring Gielgud became the background to *Veterans* at the Royal Court starring Gielgud playing Gielgud. Now, 14 years on, we have another film job, *The Red Monarch* (which I have not seen) used as a loose basis for *Red Star*, in which (as the programme puts it) a Red Army infantryman is demobbed after the Great Patriotic War to become an actor with the Theatre of the Glorious Soviet Agricultural Worker in Moscow. He turns out to be a dab hand at impersonating Stalin.

In one of the great sequences of contemporary theatrical mystification (I apologise for sounding like a handbook but jargon will out in these circumstances) the director John Caird presents us with half an hour of darkness as the Stalin actor is sent off to the camp on a night train before leaping up as old Uncle Joe in white suit and moustache to feature in some weak-kneed musical climax about Mother Russia. A few little red flags may be seen waving

After all the obligatory references to Trotsky, Lenin and other assorted thugs, the Stalin actor is caught being cruel to his wife. There is a hint of weaving the satire into the local production of *Julius Caesar* as the actor Nikolai dons wellies and toga for his first big part. He hopes to cop a Stalin prize for his Caesar. Richard Griffiths, rolling in fat and unashamedly piggy-like, relishes these scenes of self-indulgence, swigging vodka with his Brutus (Bruce Alexander) and dreaming of fame and fortune.

Alastair Muir

Dreaming of fame: Richard Griffiths

Anyone who has been to Russia knows the prizes available to successful and approved artists. A leading actor there is treated like one of our Cabinet Ministers. Mr Wood does not get this reverberation going, though not for want of Mr Griffiths's avaricious pigginess.

The play is an uneasy mixture of tone and mood, combining Brechtian elements of *Arturo Ui* with Mr Wood's own backstage writing in *Veterans* and *Fill the Stage with Happy Hours*. The RSC production does nothing to dispel the feeling that the evening is composed of a lot of old off-cuts, weak jokes about the film industry, misfired aphorisms ("Moustaches are formalist"), and rather tedious implications about the pervasive influence in Soviet Russia of Western culture as represented by Glenn Miller.

The final scene of Stalin confronting his imitative idolater has obvious echoes of the last pages of *Schweyk*, but nothing surprising is attempted in Chris Dyer's design as the trusty old snow white Bondian tarpaulin is pressed once more into service.

There are brutal domestic scenes in which Lesley Duff as Nikolai's wife is outstanding, surrounded by a powerful evocation of the reign of terror: actors turn in rigid formation from the heart of the action. Tina Jones is the make-up girl Nikolai finds in his lap during the filming episodes and Anthony O'Donnell the conformist colleague who comes good in sub-Hollywood drivel.

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Rising wave of takeovers

BRITISH AEROSPACE, Phoenix Asusrance, Brooke Bond and now ICL—the UK is going through a take-over spree the likes of which have not been seen for years. Acquisitions and mergers in the first quarter of this year were valued at £1.8bnu in total, which was not all that far short of the figure for the *whole of 1983, and take-overs* have continued to be announced at a brisk pace since then. Why is this happening—and will the results be as disappointing as the outcome of the merger wave in the early part of the 1970s?

The most obvious explanation is to be found in the balance-sheets of *the corporate* sector. Companies' liquidity ratios, as measured by the Department of Trade and Industry, rose in the first three months of this year to the highest point seen since the end of 1978. Long term borrowing has in many cases fallen to a figure which represents a relatively small proportion of capital employed. Profits and retained earnings have been rising fast. So companies have the ability and the confidence to shell out big sums to buy businesses.

Opportunities

The stock market has helped, too. Share prices are not so high as to put them beyond the reach of cash rich bidders. It is often cheaper and less risky to buy assets in the stock market than to build them in green fields. Nor are prices so low as to moke potential sellers unwilling to do a deal. A company market price is likely to be able to achieve a price which at least in money terms will be higher than anything ever seen in the stock market.

Another reason for the timing of the current crop of bids is that companies feel they have been through the fire in recent years, and are now in a more expansive mood. Potential bidders have the time and the energy to consider grand con*cepts of corporate strategy: two* years ago they may well have been more concerned with lining up the next big closure. Similarly, the companies which are on the receiving end of take-overs have often taken a number of painful steps in recent years which has had the effect of making them more attractive to a bidder.

However, it is important to distinguish between financial opportunism and long-term business opportunities . The *take-over wave of the early* 1970s taught several painful lesssons. One was that good management is not necessarily transferable: conglomerate mergers were as often as not unsuccessful. Another was that commercial logic as expressed in a take-over document—*whether it was the scope for* combining sales forces or the complementary nature of products and services — often turned out to be something quite different in practice. The concept of synergy, a favourite buzz word of the take-over barons, who wholly discredited.

Take-overs which were aimed at broadening the bidder's business base also tended to have an uninspiring outcome. Many of those companies which had said they needed a third or fourth leg to theeir operations discovered to their cost that the business cycle can hit most sectors of the economy more or less simultaneously.

All this is not to say that take-overs are necessarily bad: far from it. Nor is it an argument for getting a third party, such as the Government, to intervene in the market process and make *qualitative* judgments about bids. The Monopolies Commission's job is to maintain and promote competition, not to assess business efficiency.

But this is a time for urging a degree of caution on managers and nivestors. There si a natural conflict of interest between the two groups: managers can expand their power base through takeovers, whereas investors can diversify their portfolios—without paying a takeover premium—simply by acquiring shares in the market. *It would be as well to treat* some of the arguments which are being advanced in favour of takeover bids with a healthy dash of scepticism.

So far, so good down under

MR BOB HAWKE has already achieved the impossible in his two years as Prime Minister of Australia. Miracles may take a little longer—until next year, perhaps.

By then it should become clear whether the economic recovery engineered by deficit *spending can be placed on* a firmer foundation through a revival of private business investment. It should also be clear whether the consensual approach that Mr Hawke is trying to substitute for a notoriously wayward system of centralised wage determination can prevent a repetition of the wage explosions of the 1970s and early 1980s.

What makes Mr Hawke so interesting is not his gilded image, but his attempt to combine some of the tenets and practices normally associated with Thatcherism or Reaganism with the objectives normally pursued by socialist and labour parties, such as the Australian Labor Party which he leads.

In our day, the conservative credo has generally been that if you can get inflation under control, a beneficial effect upon unemployment will occur more or less by itself. Socalists have tended to give priority to preserving employment. But Mr Hawke, in the words of the report on the Australian economy published this month by the Organisation for Economic Co-operation and Development, is *tackling inflation and unemployment* simultaneously.

Painful experience has pushed other governments of the left in the same direction. But Mr Hawke's course was clear from the beginning. It will be interesting to see whether his neighbour, Mr David Lange, the new Labor Prime Minister of New Zealand, intends to follow the same route.

Mr Hawke's borrowings from the radical doctrines of the right do not stop at the relative importance assigned to the need to combat inflation and unemployment. There is more than a whiff of deregulation in the Canberra air these days. The currency has been floated and much of the machinery of exchange control has been dismantled; the door has been opened, *though not especially* wide, to foreign banks. Those in the Labor Party who wished for a tightening of restrictions upon foreign direct investment in Australian industry have been disappointed.

Only a beginning has been made with dismantling the bastions behind which Australian business and labour have long lived a tightly protected and often inefficient life. But a beginning it is, and Mr Hawke has not so far looked like a man of half measures.

Mr Hawke's greatest help has been that he came to office at a time when high unemployment and inadequate growth (not to mention a prolonged drought) had engendered a mood of crisis. It stood him in good stead in April 1983 when, immediately after his election, he called together representatives of business and labour at an economic summit. The summit devised a system of wage *and price restraint, but* most important it produced an undertaking to seek consensual policies in what was a badly divided society.

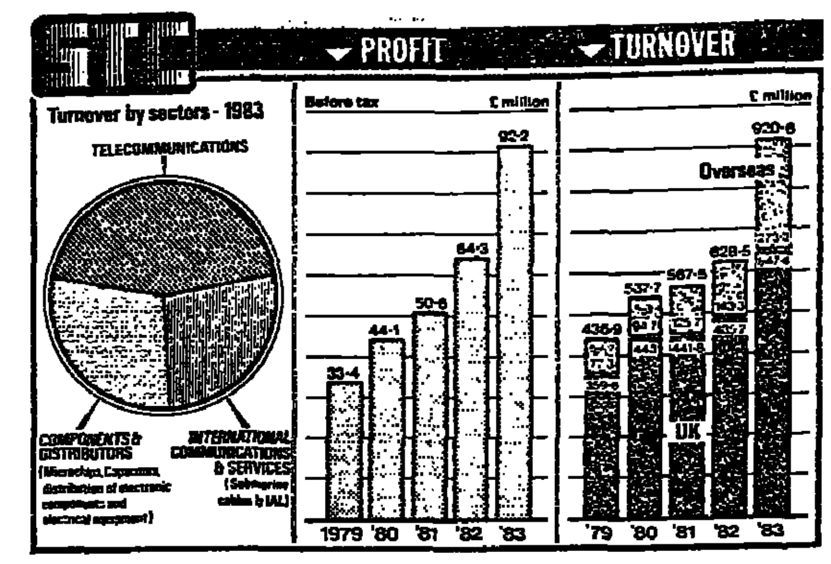
Consensus cannot be obtained by waving a wand. As often as not it is the response to a crisis. Take the two most frequently cited cases of a consensual system, Austria and Switzerland. The Swiss consensus goes back to depression and political isolation in the 1930s; the Austrian consensus to post-war chaos.

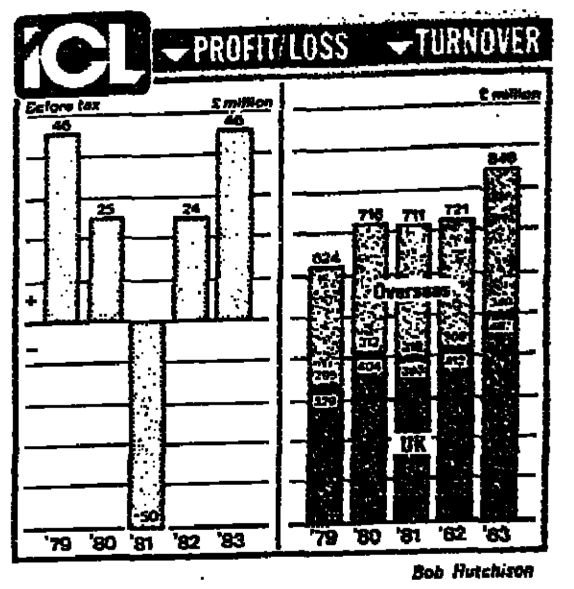
A first severe trial of the system that Mr Hawke has established is not far off. In October a round of wage awards is due under the centralised system of wage determination in force since 1983. Because the inflation rate is low, and because there have been certain changes to the basket of goods and services underlying the Consumer Price Index, those awards may appear to be low.

Mr Patrick Keating, Mr Hawke's Treasurer, has offered the unions an incentive in the form of tax cuts which he proposes to make in his forthcoming budget. If it works, he will be killing two birds with one stone. Union acquiescence in wage moderation should enhance business confidence. In addition, the expenditure cuts which Mr Keating proposes to make as a corollary to the tax cuts will release resources that *could flow into business investment.*

If events turn out in this fashion, the Hawke Government could claim to have begun consolidating the successes it has so far achieved. Certainly, the reasons for business in Australia to invest look stronger than for a long time. A period of stagnation or worse has been ended; the world climate is improving. Beyond that, the readiness in Canberra to re-examine the value of time honoured protective practices, if translated into further action, could be turned into a powerful stimulus for rejuvenation.

Sir Kenneth Corfield





Bob Hutchison

Sir Michael Edwardes

The bid for ICL

The thinking behind STC's grand design

By Guy de Jonquieres

STANDARD Telephones and Cables' takeover bid for ICL yesterday could hardly have come as a greater surprise to the City—or to the Board of ICL, which has reacted with a marked lack of enthusiasm.

But for Sir Kenneth Corfield, chairman of STC, the move is an important element in a grand design which he and his top managers have been quietly plotting for several months.

Its aim is to transform STC from a traditional telecommunications manufacturer, which has lately been thrust somewhat on to the defensive by upheavals in the UK industry, into a much more broadly-based supplier of electronic systems, equipped to tackle the fast-growing office automation and information technology markets.

Though the future shape of these markets is still somewhat uncertain, their successful exploitation seems likely to demand a blend of technology, design skills and marketing expertise drawn from the worlds of both communications and computing. And from that standpoint, Sir Kenneth believes, a merger of STC and ICL would "make a wonderful match."

There is an element of urgency behind STC's move

A merger would—at least on paper—produce a combined group with a balance of computing and communications resources unrivalled by any company in the UK—and by few anywhere in the world. In Europe, only Philips of the Netherlands and Siemens of West Germany at present have significant stakes in both types of technology.

A merger would also leapfrog STC up the ranks of Britain's electronics companies. In the past it has tended to play something of a third fiddle in telecommunications to the General Electric Company and Plessey. Acquisition of ICL would create a group with annual turnover of about £2bn —roughly three times the size of GEC's telecommunications and business systems division.

Whether the choice of ICL is the best that STC could make is, however, an issue on which opinion in the City still seems divided. While a number of analysts accept the general industrial logic underlying STC's move, many have still to be convinced that ICL has really regained a stable footing after a succession of buffetings over the past decade.

Under Mr Robb Wilmot, its managing director, ICL has undoubtedly achieved a remarkable recovery since it was threatened with financial collapse three years ago. It has radically remodelled its *product strategy, off-loaded* some of its heavy development costs by astutely forging international alliances and moved sharply back into profit.

But many industry experts are still waiting for the company to show that it can achieve sustained *growth in a range of* markets where it faces increasingly severe competition from International Business Machines of the U.S., which is more than 30 times ICL's size.

In spite of savage cutbacks which have reduced its workforce to 22,000 from 34,000 since 1979, ICL's costs still look uncomfortably high. Sir Michael Edwardes, who became its chairman in April, has warned that current staffing levels cannot be maintained without a sharp rise in turnover.

The Government is to examine the possible monopoly implications of the bid, but STC's approach has undoubtedly caused quiet relief in some parts of Whitehall, which rescued ICL with £200m of loan guarantees in 1981. Though encouraged by the improvement in ICL's performance, ministers are still unsure about its chances for independent survival in the longer term.

In recent months, the Government has made discreet efforts to interest several large UK groups, including British Telecom, in taking an equity stake in ICL. However, none has taken the bait, and BT seems more enthusiastic about the idea of collaborating with IBM.

STC settled on ICL after an extensive survey of possible alternatives both in Britain and overseas identified it as the *only computer company open to* a takeover which had an established market base and a sufficiently wide ranuge of products and technologies to meet STC's needs.

There is also an element of urgency behind STC's move. The recent rethinking of its future direction owes a good real to the abrupt termination in late 1982 of its involvement in the production of System X, the digital telephone exchange which is intended to form the backbone of British Telecom's network modernisation programme.

As a compensation, STC was given a £600m exclusive contract to supply BT with older TXE-4 electronic exchanges. But that contract, though believed to be hugely profitable, is likely to end by 1987. STC has no other exchange orders on its books, though it plans to *offer BT a version of the* System 12 digital exchange designed by ITT of the U.S.

By coincidence, as withdrawal from System X closed one door to STC, another one was opened by ITT's decision almost two years ago to reduce its shareholding in the company from 75 per cent to 35 per cent. The conjuncture of events gave STC both a stimulus and an opportunity to chart an independent course.

The company has already made several moves designed to secure its future. It has acquired International Aeradio, an international communications services company, from British Airways, and has bought ITT's UK electronics interests, including its semiconductor production business.

It has also sharply stepped up spending on research and development, which rose 42 per cent to £53m last year, and on capital investment, which increased 75 per cent to £58m. One of its largest investment projects is a £60m plan to build a second semiconductor plant, which will underpin its expansion in the world market for mass-produced "standard" microchips.

These activities are in addition to STC's long-standing telecommunications transmission business. It is a major supplier of BT of transmission systems, including optical fibre cables, and is the world leader *in submarine cable systems.* It also makes a variety of telecommunications apparatus, including private branch exchanges (PBXs), telephones and telexes.

STC believes that its activities fit naturally with those of ICL, with little overlap between them. ICL's mainstream product range consists of a line of computers extending from large mainframes down to desktop personal computers.

A major thrust of Mr Wilmot's strategy has been to develop ICL's techniques for *linking* computers and terminals through communications networks. This is likely to become an increasingly important feature in applications such as office and factory automation, and one to which STC believes that it can make a valuable contribution.

Dr Nigel Horne, STC's director of corporate development, believes that computing and communications technology are converging so rapidly that the hitherto separate markets for the two companies' products are merging into one. "The products are becoming one product and need one direction," he says.

He and Sir Kenneth see other practical benefits from a merger. These include opportunities to turn ICL into a major customer for STC's microchips and to sell products through ICL's sales and marketing network in the UK and overseas, which is considerobly more extensive than STC's own distribution channels.

STC admits that its own efforts to expand into the market for private telecommunications systems have remained fairly low-key to date. Its history and experience have equipped it far better to sell to public administrations both in the UK and abroad, and more than one-third of its sales are *still to BT.*

It is doubtful, however, that ICL alone would enable STC to achieve the international marketing presence it needs to compete successfully. Much of ICL's overseas business is in old Commonwealth countries and its sales in North America are very small. Sir Kenneth is still looking at possible acquisitions which would provide a direct route to the U.S. market.

Quite apart from the attitude of the ICL Board, STC's plans for merger must still face a number of hurdles. Among these is the reaction of Fujitsu, the large Japanese electronics manufacturer, with which ICL has a close working relationship.

Mr Wilmot has frequently emphasised the importance of the microelectronic technology and chips which Fujitsu provides to ICL's product strategy, particularly in the field of large "mainframe" computers. The alliance has enabled ICL to undertake product development projects which it would have been hard-pressed to undertake entirely out of its own resources.

Sir Kenneth says that he would leave the Fujitsu relationship undisturbed. However, Fujitsu might well have reservations about seeing its technology flow to STC which, unlike ICL, is competing in the open market for microchips.

Even more uncertain is how the management relationships between STC and ICL would develop after a merger. According to Sir Kenneth, ICL would become one of STC's major business *divisions* and would enjoy a degree of operating autonomy under the supervision of the STC board.

How that would square with ICL's own preferences is still unclear. But Sir Michael Edwardes, Mr Wilmot and the small group of other senior executives who have played a decisive role in charting ICL's new strategy appear to relish the independence and freedom for manoeuvre which the company's recovery has earned.

Sir Kenneth appears less than sanguine about whether Sir *Michael would want to stay on* after a merger. He says that he would be keen to keep Mr Wilmot, whose energy and determination is widely viewed as one of ICL's strongest management assets. But if Mr Wilmot were to cash in his options on 1.4m ICL shares and leave, Sir Kenneth is confident that STC could find a successor from within its own ranks.

Longer term, there is another uncertainty, too, which is less closely related to the personalities of the men at the top of the two companies. In *spite* of the convergence of the telecommunications and computer industries on the same market, the two businesses have distinctly different traditions, methods of operation and cultures.

One hurdle is the attitude of the ICL Board

Though mergers between companies of similar size in the two industries have been rare to date, many manufacturers have found it harder than expected to cross the boundary between them.

Both Northern Telecom, the highly regarded Canadian telecommunications company, and Britain's GEC have lost considerable amounts of money attempting to penetrate the U.S. market for electronic office products in recent years. IBM, coming in the opposite direction, has failed so far to make any real impact in telecommunications, despite its massive resources in computing.

STC appears confident, none-the less, that it can bridge that gap. But given ICL's cool response to their overtures, Sir Kenneth and his Board may have to be prepared to do a good deal more haggling on the terms of their bid before they are in a position to put their grand strategy for convergence into action.

Additional research by Jason Crisp

Men and Matters

Shearson's man at the tiller

Peer Cohen, the 37-year-old head of Shearson/Lehman/American Express, has a brass and polished wood ship's wheel and tiller in his office high up the World Trade Towers above Manhattan.

The British-made ships' gear, which Cohen's kids like playing with even more than the he does, was presented to him by the "boys in the engine room"—his colleagues in Shearson's back office operations and data processing group—"to help him steer the right course."

Yesterday, the tiller, as always, was set straight ahead when the firm (Slax to the wags on Wall Street) announced plans to acquire Messel, the City stockbrokers.

The deal was, in fact, delayed by Shearson's recent acquisition of Lehman Brothers, the blue-chip Wall Street firm, in May for $369m. But it has all the hallmarks of another Cohen coup.

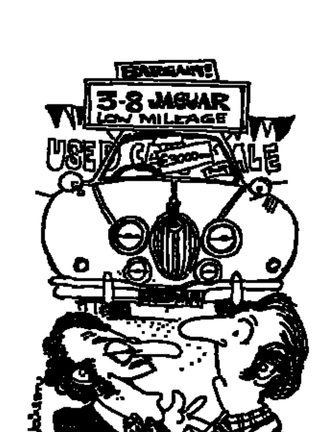
Cohen, who masterminded Amexco's acquisition last three of Edmund Safra's Geneva-based Trade Development Bank and also put together the Lehman takeover, instigated the latest move last summer.

It was then that he asked Edwin Gill, the 44-year-old chairman and managing director of SLAX's London operations to begin the hunt for a target that would put the Wall Street firm in position for the fundamental changes under way in the UK market.

Gill, who spends his summers in the U.S., came up with Messel after touring the City talking to merchant bankers and others. Cohen, with typical enthusiasm, jumped at the chance because, he says, "they riminded us of us—youngish, aggressive, with lots of energy."

A new relation

Dennis Cassidy will take over the hot seat at British Home Stores next week confident that the days are over when BHS was regarded as Marks and Spencer's poor relation.



"Only one owner—a left wing MP who daren't be seen driving one after privatisation"

Cassidy, a 51year-old Geordie, has just been made BHS's managing director after months of City speculation on who would take on the challenge of revamping the stores group.

He takes on the new job from Wednesday while his main rival in the succession stakes, Jim Powers, is to be deputy *managing* director.

Sir Maurice Hodgson, executive chairman for the past few years, plans to turn his post into a non-executive job from next year. He recently became chairman of Dunlop Holdings.

Cassidy is no stranger to BHS's *problems, having been* with the group since 1969. Over the past year he and his colleagues have worked on new plans to give BHS the sense of direction it had appeared to lose during the recession.

"Harlowisation" is the unofficial code-name for these new plans, based on a store experiment at Harlow new town which encompassed snazzy new decor and fittings as well as new products.

Cassidy plans to accelerate these changes—new restaurants in every store "which takes us even further away from direct competition with M and S."

But comparisons will inevitably be made—and they are more intriguing considering Mark's own top-management shake-up. The High Street is certainly becoming the place to watch.

Continental duo

A bit ironic that the new man at the head of Continental Illinois has been an outspoken critic of government interference in business. But 65-year old John Swearingen is the sort of national figure who will have as good a chance as any to restore confidence in the Chicago bank.

During 23 years as chief executive fo Standard Oil (Indiana), he turned a nondescript oil company into one of the giants of the industry, with an enviable profitability.

Until his retirement last September, Swearingen was regarded as one of America's more impressive business leaders and it is clear that he is going to be *more than just a nominal chairman.*

He is no newcomer to banking, sitting on the board of Chase Manhattan as well as being close to Morgan Stanley, the investment bank which has been advising the Federal Deposit Insurance Corporation on Continental's rescue.

By contrast the appointment of Swearingen's old Chase colleague, Bill Ogden, as chief executive, is seen as less inspired. The 56-year-old, chain-smoking Ogden is better known in the international banking community than David Taylor, the man he replaces. But Taylor was hardly to blame for Continental's parlous condition. He only took over in the spring and the mistakes were made by his predecessors.

And by all accounts, Taylor did a good job, finding the deposits to keep Continental afloat after the collapse of Penn Square two years ago.

Ogden retired last year after 31 years at Chase Manhattan, apparently because he had been passed over for the president's job. He has been one of the driving-forces behind the creation of the Washington-based Institute of International Finance.

Family ties

Bill Govett, chairman of fund managers John Govett, was strangely in two minds yesterday about the deal which re-establishes an old famliy relationship. The California-based banking group Security Pacific has announced its acquisition of a 33.1 per cent stake in John Govett in the same week that it cemented its relationship with brokers Hoare Govett, of which it will eventually own between 80 and 90 per cent. But Bill Govett made it clear that his company would not move any closer to Hoare Govett.

The family connection goes back to Bill Govett's father, John Govett, who was a leading light in brokers Govett Sons and Co—along with Bill'su ncle—back in the 1950s. But he left to concentrate on the fund management business. Later, the *broking firm merged wtih Hoare* and Co to form what is now probably the City's biggest stockbroking outfit.

Yesterday Bill Govett emphasised the value of the new captial which Security Pacific will inject into the business, and the potential benefits of access to a big new American client base. But he still values independence, and does not look to a reunion of the old family firms. Hoare Govett will remain what it has been, "only one of our lead brokers," he said firmly.

Observer

POLITICS TODAY

Kinnock does it his way

By Malcolm Rutherford

THE TROUBLE with the Labour Party nowadays is that is doesn't have any tunes. Not just good tunes either. There is no recognisable melody that you can pick up and say: "This is the theme for future development." It is as though the orchestra is perpetually tuning up, yet never begins to play and may at any stage turn in on itself.

The exception is Mr Neil Kinnock, leader now for nine months. This has been Mr Kinnock's week.

If the achievement of the Tories in Mrs Thatcher's second term has been to make the economy seem boring, Mr Kinnock has a similar accomplishment. He has distracted attention from the proceedings of the party's National Executive Committee, which was the bane of previous Labour leaders.

That is, until this week. Not for a long time has there been such a gaggle of reporters standing outside the party headquarters in Walworth Road waiting to find out what happened at an NEC meeting as there was on Wednesday afternoon.

"It was," said Mr Jim Mortimer, the party general secretary, "the heaviest meeting for a number of years."

What did happen? In Labour Party terms, it was a victory for Mr Kinnock. He chose to challenge one of the organisational reforms that have been at the heart of the party's internal disputes over the last decade or so, and he won.

The particular issue was reselection—or deselection—of Labour MPs as candidates for the next election. Should it be done by a constituency's general management committee, as has been established by the party's annual conference, or should there be a wider franchise? Mr Kinnock preferred the latter. He sought to provide the option of selection by one person, one vote among party members in the constituency.

In a series of votes his preference was carried three times by a majority of 15-12, the bulk of the trade union heavyweights voting with Mr Kinnock. Had it not been for absentees, including Mr Alex Kitson of the Transport and General Workers who is generally thought to be on the far left, the majority might well have been 17-12: a leadership triumph by NEC standards.

Members of Labour's National Executive Committee (from left): Eric Heffer (current chairman), David Blunkett, Neil Kinnock (party leader) and Jim Mortimer (general secretary)

The matter will now go to conference in the autumn. It would be astonishing if Mr Kinnock were to be defeated on it.

So is he now master of his own house? It is worth recording some reservations. For example, Mr Eric Heffer, the current party chairman, sought to have the motion withdrawn in the interests of party unity. He argued that it would only stir up trouble at a time when the Labour movement was coming together again. Instead, he said that there should be a committee of inquiry to consider all ways of extending democracy in the party—after conference.

There is another possible objection. All that Mr Kinnock has done is to propose an option. There is no compelling reason to suppose that the activists who want to get rid of (say) Mr Peter Shore in Bethnal Green and Stepney will accept it.

If he had really wanted to introduce the wider franchise, he could have fought to make it an obligation. Or, on Mr Heffer's lines, he could have done nothing this year and waited to push through something bigger next time. Certainly it is very difficult to imagine Mr Kinnock, having won the option this time, trying to turn it into an obligation at the party conference in 1985.

There is also a slight contradiction between what the Labour leader did in his first few months and what he has done now. At the start all the emphasis was on turning Labour into a campaigning party and forgetting the problems of the past. The logical extension of that was that if Labour won new recruits, the general management committees might reform themselves. It is just possible that Mr Kinnock might have put the clock back by moving too early.

Not least, one wonders how important the question of reselection really is. It is not confined to the Labour Party. The Tories, too, have their activists who try to discredit and unseat sitting MPs. And there is something odd about the notion that MPs, having been elected once, should not be open to challenge from within their own constituency organisation.

Still, Mr Kinnock has done it his way, and so far he has succeeded.

There was other business at this week's NEC meeting, however; for instance, defence. Any comment on the party's new defence policy statement should be disregarded until the full document is published in the next few days. The preamble, tying it all together, is still being written.

Yet there are perhaps a few objective tests that could be applied when the statement comes out. Labour knows that it made such a shambles of the last election partly because of the defence question. Mr Michael Foot, the leader at the time, has admitted it in his post-election book. The party was uncertain what to do about Polaris, the existing British nuclear force, and often appeared to be against defence of any kind.

An attempt to restate a non-nuclear defence policy, including a commitment to the decommissioning of Polaris, in a coherent form should not be unwelcome. There are, after all, inconsistencies enough in the present Government's policy for an alternative to be worth discussing.

The tests to which the Labour document should be put are twofold. How far does the promised new commitment to conventional defence make sense and how far is it credbile? And how far does it take account of the fact that Britain is a member, and in many ways an absolutely crucial member, of an alliance?

Mr John Silkin, when he was shadow defence spokesman in the last Parliament, used to say that the price of nuclear disarmament would be higher spending on conventional weapons. He recommended that the defence budget should go up, if necessary. It is said that the new document takes a similar line.

Such proposals need to be rigorously examined. Where would the enhanced conventional forces be—on the Continent or at home? What is the point of enhanced conventional forces for a country that is outside the front line of any likely attack? It is, after all, improbable that Britain would be invaded in the first stages of Soviet aggression, if it were to take place.

Furthermore, even if a proper strategic justification could be found, how many people would believe that a Labour Government really would increase spending on conventional forces at a time when the oil revenues are running down. The idea that it would create jobs in British shipyards and arms factories is not very plausible.

The real test, however, is the Atlantic Alliance. How far does the Labour Party realise that Britain is to some extent dependent on what happens in central Europe and on relations between the United States and the Soviet Union? Being a member of an alliance imposes some obligations. It is narrow-minded to say that you will cut defence spending as a percentage of gross domestic product simply because the percentage in other countries may be lower: the GDP in France and West Germany is higher. Alliance membership means alliance consultation.

If the Labour Party document promises more of that, it will be welcome indeed. Yet if what it is really suggesting is that what happens on this or that side of the Elbe is irrelevant to Britain, and that the U.S. is just as potentially menacing as the Soviet Union, the party should say so outright. Not to do so would be an indication that nothing has changed: the Labour Party continues to be as divided as ever on defence.

Readers may hope for the best while fearing for the worst. It comes back to the tunes business. It is not as if there is a lack of material around. There are many ways in which the Labour Party presently stars. It has some good front-benchers. In Mr David Blunkett in Sheffield and Mr Ken Livingstone in London it has non-Westminster leaders whom the Tory Party cannot rival. That must mean something about there being life in the Labour Party yet.

There is also a good deal of evidence of thinking going on: for example, in the pages of *Marxism Today* and in the latest pamphlets of the Fabian Society, currently enjoying its centenary with a fresh burst of energy.

Yet most of it is still a re-examination of the past: why Labour lost, rather than how the party can win.

The Tory Party, by contrast, and the Social Democrats on their coat-tails, still have tunes galore, even if they are not always harmoniously played. Privatisation, horrid word though it is, is a tune, as was the sale of council houses before it. The country hummed it.

The successful sale of British Telecom would be a terrific number if it led to myriads of small shareholders, and should not be a total flop even if it does not.

The charge against Labour is that there are lots of potentially big themes lying around, but they are left undeveloped: poverty, for example, and the way a large section of the community is not sharing in the current relative prosperity. Technology is another, with the way it changes society. One sometimes wonders whether one of the reasons why Mrs Margaret Thatcher and Dr David Owen are among the most striking politicians is the fact that they both have some experience of the natural sciences. The Labour leadership seems to have very little.

Yet there were Labour themes once that caught on: equality under R. H. Tawney, growth and redistribution under Anthony Crosland, even "the white heat of the technological revolution" under Harold Wilson, though "white heat" turned out to be an unfortunate term for a revolution based on electronics.

Labour could put something together again, but with a third party in the wings, it has very little time left. If really pressed to make a guess, I should say that Labour won't do it.

Lombard

Waiting for the package

By Peter Riddell

THERE IS an unnatural calm about the political discussions of economic policy. Almost nothing is stirring. The rare Commons debates on the subject are poorly attended and have attracted few of the ambitious new MPs seeking to make their names. Even the recent hike in interest rates hardly ruffled the waters.

No doubt Mr Nigel Lawson would say that this is just as it should be—as it was previously when there was a 3 per cent rate of economic growth and a 5 per cent annual rate of inflation. Yet we are not quite in Keynes's paradise where the economic problems have been solved and we can devote ourselves to higher matters.

Some of the shrewdest political judges believe trouble is brewing. Lord (Joel) Barnett, that canniest of Chief Secretaries to the Treasury, and Dr David Owen, who can sniff out a political issue like a bloodhound, have both warned that cuts in public expenditure are on the way. They believe that such action has been made necessary—this year as well as next year—because of the miners' strike, public sector pay rises which are higher than planned and the deterioration in the inflation/growth outlook since the Budget.

Warnings

Neither politician is exactly a friend of the Government. But their views are reinforced by warnings in recent circulars from City stockbrokers about the need for a package of measures later this year.

The very suggestion of a mini-budget is anathema in Whitehall. There is more than a hint of Dr Pangloss in recent Treasury statements—all is for the best in the best of all possible worlds (apart, that is, from militant miners and the U.S. budget deficit).

This blandness obviously makes sensible politics in the context of the mining dispute. Mr Arthur Scargill must not, after all, be given the chance to claim that he has successfully disrupted the Government's economic strategy and forced an emergency package.

It also suits Mr Lawson's personality—confident or arrogant according to choice—to claim that the Budget strategy is on course. Yet behind the facade, a good deal of discreet rapier work is under way. The recent local authority announcements are an obvious example. The Treasury is also quietly warning potential overspenders.

It may be too early to assess whether more drastic action will be needed. The cost of the miners' dispute is uncertain. And while public sector pay costs and local authority spending are clearly higher than planned, the net impact on total expenditure may be containable within the £2.75bn contingency reserve for 1984-85. Moreover, the fall in the sterling/dollar exchange rate will boost Government tax revenue from the North Sea.

Measures

However, by early October if the miners' strike is still on and interest rates have not fallen, the dangers could appear less hypothetical. The betting is still that any measures affecting 1984-85 will be piecemeal rather than concentrated in a single package, if only for reasons of presentation.

Yet spending departments are already complaining about "impossible" Treasury demands in the discussions about next year's spending plans. The official inflation assumptions for 1985-86 now look decidedly optimistic with much less fat around to give a margin for flexibility.

The indications are that Mr Lawson does not want to do, or say, anything until the usual autumn economic statement in November. Much will, as ever, depend on the financial markets. But, for what it is worth, many experienced Westminster observers believe that the period of political calm is about to end.

Letters to the Editor

Competition in the air

From Sir Henry Marking

Sir,—In his article (July 25) "Why competition is good for travellers," Mr David Sawers speaks of the benefits which he sees as having arisen from the U.S. policy of reregulation on domestic air routes.

If the benefits are as he says, it is worth noting that they have not come about as a result of a policy such as that now recommended by the Civil Aviation Authority for British airlines.

True competition can only result from airlines operating in the same markets over the same routes, not by transfer of monopoly operating rights from one British carrier to another as the CAA recommended.

(Sir) Henry Marking.
Reform Club,
Pall Mall, SW1.

Airport pricing policies

From Mr K. Boyfield

Sir,—I read with interest the letter from Mr Lakeman of the British Airports Users Action Group (July 16). He argues that landing charges at Heathrow are excessive.

It may interest your readers to know that a recent Congressional Budget Office study on the financing of airports in the United States suggests that airport managements might be well advised to adopt the pricing rationale which has long been practised by the British Airports Authority. It points out that "landing charges currently in effect do not reflect the high capital costs of relieving the congestion that occurs during periods of peak demand." The study notes that "peak-hour surcharges could reduce congestion by giving airlines the opportunity to save money (and offer lower passenger fares) by flying during uncongested periods."

On a recent visit I paid to the United States to interview managers at several of the country's busiest airports I saw for myself the difficult problems congestion causes at peak periods. In the light of this experience there seems to be some merit in the way demand is rationed through the pricing mechanism at Heathrow.

Keith Boyfield.
Suite 9,
Museum House,
Museum Street, WC1.

Mortgage options

From Mr M. Weale

Sir,—Once again home-owners are hit by an increase in mortgage rates. The effect on first-time buyers is particularly alarming. What a pity it is that building societies do not take advantage of the financial futures market in order to develop "mortgage options." A simple actuarial calculation would enable societies to allow borrowers to effectively insure themselves against the risk of an increase in interest rates. Such insurance would obviously be most attractive to new borrowers who might want to cover themselves for, say, a period of five years.

As with any option contract, this arrangement would differ from a future contract. So, for a small sum, borrowers would be able to protect themselves from rising interest rates while still benefiting from falling rates. And there would be no risk to the building societies, who would protect themselves by appropriate contracts in the futures market.

M. R. Weale.
Department of Applied Economics,
University of Cambridge,
Sidgwick Avenue, Cambridge.

Portable pensions and commissions

From the Managing Director, Collinge Rayner Associates

Sir,—Mr Robin Wood (July 19) makes a suggestion with which we would heartily concur. If the initial commisssion on the first year's premium was reduced with the renewal commission increased then there would be adequate remuneration for insurance brokers to provide the essential servicing of pension contracts.

It would have the added advantage of deterring those who wish to make "a fast buck" in the insurance industry.

We would strongly recommend the life assurance industry to take this course of action.

A. T. Collinge.
634, Bristol Road South,
Northfield, Birmingham.

The rating system

From the Director, Public Finance and Accountancy Unit, Administrative Staff College

Sir,—May I suggest that Mr Stringer (July 18) contacts his district and county council finance departments to let him have a further copy of the statutory information which they publish with the rate demand. This will show the spending intentions of the councils concerned. On the other hand for details of past spending he should acquire copies of the councils' annual reports.

On a more fundamental issue it is a pity that rates are often considered to be a charge for services, rather than a general tax. Perhaps if rates were accounted for in the same way as corporation tax (and not a cost of production) company directors and others would be more able to deal with the problem and take steps to minimise the burden.

To illustrate the anomalies of treating taxes inconsistently, I wonder whether the tenants of Mr Stringer's industrial estate have attempted to have their vehicle road licences reduced because the vehicles travel over the private roads on their industrial estate.

John V. Pearson.
Greenlands,
Henley-on-Thames,
Oxon.

The mines and industry

From the Director-General, Confederation of British Industry

Sir, — Mr Tim Webb (July 24) says the CBI has remained "unusually silent" about the mining strike, hinting at sinister motives.

We have not remained silent, as anyone following events closely will know. Since the strike began, the day-to-day developments and their effect on British business and industry have been reported at every one of our monthly council meetings and afterwards a summing up provided for the media at a regular news conference. I have given several radio and TV interviews on the subject. We have been regularly monitoring the strikes' effect and providing the results of our monitoring to any media representative who calls us.

I have before me now, as it happens, a summing up from our Yorkshire and Humberside region which has been sent to all regional MPs and which says: "The strike is still having only a limited effect in the region." It acknowledges — as we have done all along — that direct suppliers to the National Coal Board are, of course, suffering. It records that the number of firms having to curtail production in the region—one of the more severely affected—is growing and that retail sales in mining areas are depressed and steel production at Scunthorpe severely affected. It adds: "Despite this, the vast majority of firms are operating normally."

The sad fact is that when so many companies are managing to cope with the effects, such as they are, of industrial dislocation, their achievements do not make news and are not as graphically reported as are panic and disaster. Researchers who rely solely on the media as their source will therefore be disappointed. But two other items in the regional report may give Mr Webb—and others—food for thought. It reports some examples of firms abandoning plans to convert their boilers from other fuels to coal and it records local fears that the region's search for new investment may be damaged by the "reputation for militancy" now associated with Yorkshire miners.

(Sir) Terence Beckett.
103, New Oxford Street, WC1.

Where the sun shines brightest

From Mr J. Harrington

Sir,—The review (July 11) of a book on the best U.S. companies to work for suggested that American firms were notoriously niggardly when it came to holidays.

In considering "time off" one should bear in mind that while American companies generally give less vacation (holidays) than British companies, there are probably more Holidays (Bank Holidays) in the U.S. than Britain. One should compare totals.

One should also remember that one is paid for working—not for holidaying. Each week represents about 2 per cent of a year. If an employer makes a profit on one's work then each week can be viewed as either a working week—producing 2 per cent profits and generating 2 per cent of an employee's real income—or a non-working week—producing no profits or income but just leisure. Other things being equal, an employer can pay a worker 2 per cent more real annual pay for each week he works rather than takes a holiday. The "pay" for holidays with pay comes from the work of the other weeks—not out of thin air.

Perhaps U.S. workers prefer shorter holidays but with more money to spend on them than their British counterparts. Perhaps if one enjoys ones work, one needs less vacation time.

Jan R. Harrington,
PO Box 756,
General Post Office,
New York,
NY 10001.

FINANCIAL TIMES
Friday July 27 1984

Midland profit sharply lower at £70m

By Margaret Hughes in London

A SHARP rise in Midland Bank's bad debt provision contributed to a fall in pre-tax profits from £136m to £70m ($93m) during the first half of this year.

The debt provision rose by £72m to £191m, in the wake of heavy losses already announced by the British bank's troubled U.S. subsidiary, Crocker National. Provisions *against international loans more* than doubled to account for £150m of the total, with Crocker responsible for £124m.

Sir Donald Barron, chairman, said yesterday that excluding Crocker there had been an overall reduction in Midland's bad debt provisions, due principally to an improvement in the international trade services group.

Excluding Crocker's results, the group's pre-tax profit rose from *£107m to £150m. Crocker's £80m* loss in the first half compares with a £29m profit during the same period last year.

Sir Donald said the £26m set aside for Midland's own international loans included some sovereign debt and some secondary debt to corporate customers in sovereign debt countries.

That is slightly lower than expected given Midland's own $400m exposure to Argentina, which has *still to reach agreement with the* International Monetary Fund and is overdue in its interest payments to banks. However, Sir Donald said that the amount overdue to Midland was "insignificant" compared with the group's overall provisions of £703m at June 30 this year.

On the domestic front, by contrast, bad debt provisions were down 21 per cent to £41m which Mr Geoffrey Taylor, group chief executive, attributed to the continuing improvement of both corporate and personal loans customers.

Although the number of companies in "intensive care" still numbered *around* 70, the companies were smaller in size than previously and "over half of them" were now making a profit, he said.

Midland is setting aside £230m to offset the impact of measures in the last UK budget on its leasing business.

Sir Donald said that in the U.K. the group's operations showed a "further good improvement" with strong growth in commission income and increased margins. Operating costs had also been reduced

With the exclusion of Crocker Sir Donald said that progress had also been maintained in the group's international operations. He said that Midland's proposed offer for the remaining shares in Crocker would "enhance and speed up its rehabilitation."

The £70m pre-tax profit was at the top end of forecasts

Details, Page 16

EEC speeds procedure to curb import dumping

BY PAUL CHEESERIGHT IN BRUSSELS

THE EEC is speeding up its anti-dumping procedures in an effort to give companies greater protection from unfair trading.

New regulations, which will curtail lengthy negotiations over the pricing policy of overseas competitors on the EEC market and provide *for faster action against price violations*, will come into force on August 1, the Commission announced yesterday.

One of the first *anti-dumping* complaints likely to be subject to the new procedures has been lodged by European hydraulic excavator manufacturers against Japanese companies such as Komatsu and Hitachi.

The Commission is expected formally to announce next week that the dumping complaint, which arose after a build-up of Japanese sales on the British market, will be investigated.

If the investigation shows that dumping has taken place and has harmed European manufacturers, the Commission may either impose *countervailing duties or seek an* agreement with the Japanese companies on their price levels.

That practice is common to all proven dumping complaints.

The new procedures, however, change specific parts of the practice where an overseas company found to be dumping seeks or engages in *an agreement with the Commission* on new price levels for a product. Companies in this position often choose to raise prices rather than cope with countervailing duties.

Hitherto, negotiations on prices might be long, depriving the EEC companies, which are the victims of dumping, of a timely remedy. Now *a time limit is being imposed.* New price offers must be with the Commission within 10 days of the Commission's disclosure to the companies *involved* of the results of its investigation.

Where overseas companies are found not to be observing such new *price undertakings, the* Commission will be able, immediately the violation is established, to put on countervailing duties at the rate that would have obtained had there not been a price undertaking.

That replaces the existing practice of reopening the whole investigation, which can be longwinded.

McDonnell Douglas lifted by higher sales and acquisitions

BY PAUL TAYLOR IN NEW YORK

MCDONNELL DOUGLAS, the U.S. aerospace group, yesterday reported a 26 per cent increase in second-quarter earning buoyed by higher military and jet airliner aircraft sales and the group's recent acquisitions.

The St Louis-based group, which has acquired Hughes Helicopter for $470m, Computer Sharing Services for $69m and Tymshare for $308m since the start of the year, said net earnings increased to $77.7m or $1.94 a share on sales of $2.546bn in *the latest quarter*, compared with net earnings of $61.5m or $1.55 a share on sales of $1.93bn in the same period last year.

The latest earnings boosted McDonnell Douglas's first-half net earnings to $145.2m or $3.63 a share on sales of $4.57bn compared with net earnings of $121.4m or $3.06 a share on sales of $4bn in the 1983 first half.

The 1984 first-half earnings include the results of both Hughes Helicopter and Computer Sharing Services. Tymshare, a computer service and data transmission company, which was acquired on March 30, is included in the second-quarter results.

McDonnell Douglas said second-quarter sales were higher than in the same period last year in all businesses except space systems and missiles. Second-quarter results improved "substantially" in combat aircraft and even more substantially in civil aircraft which were profitable in the latest period.

Earnings in the space division fell because of costs related to the investigation of problems with the U.S. shuttle's payload assist module.

McDonnell Douglas said that at the end of the quarter its order book included 126 firm orders for the MD-80 jetliner, another 15 MD-80s for lease and 145 conditional orders or leases.

The group's firm backlong on June 30 was $14.33bn compared with $10.45bn a year ago and the total backlog, including government orders not *yet* funded but *excluding* options, was $22.24bn compared with $19.6bn last year.

● UAL, parent company of United Airlines, the largest U.S. carrier, has restored its dividend payment on common stock with a proposed payment of 25 cents a share on August 15. The company last paid a dividend in March 1980.

The dividend resumption followed second quarter net earnings of $123m (unchanged at $3.39 a share), up from $116.2m. Sales in the quarter rose 23 per cent from $1.48bn to $1.82bn.

The second quarter figures brought UAL's *net profits for the* first six months of this year to $148.6bn ($3.95 a share) compared with $22.8m (51 cents a share) a year earlier.

Meanwhile **Delta Air Lines** has reported a fourth quarter profit of $71.1m ($1.80 a share) compared with a loss of $25.5m (64 cents loss a share) last year, on sales up 22 per cent to $1.14bn from $936m.

This left Delta's net profit for the year to June 30 at $175.6m compared with a *loss of $86.7m* ($4.42 a share against a $2.18 a share loss). with revenues at $4.26bn

ICL rejects £356m bid from STC

Continued from Page 1

in ICL's range of smaller machines, which has been considerably expanded in the past few years.

ICL was threatened with financial collapse in 1981, when it was given £200m in government loan guarantees.

Drastic cost-cutting and a revised product strategy, however, have restored it to a profit, which totalled £45.6m in the year to September.

STC is the world's leading supplier of submarine cables and makes a wide range of telecommunications equipment, including optical fibres.

It has a microchip business and makes a variety of communications apparatus.

Since ITT reduced its stake in STC from 75 per cent to 35 per cent in late 1982, the British company has been actively seeking to diversify. *It has acquired International* Aeradio, a communications services company, as well as ITT's electronics businesses in the UK.

STC estimated pre-tax profits for the first half of 1984 at £52.1m, up from £42.4m in the corresponding period a year earlier.

Sir Kenneth said that STC had not discussed its plans with ICL ahead of the "dawn raid" because of the need to prevent news of the bid leaking out. Hoare Govett, the stockbrokers who organised the share purchase, said initially that *they were seeking up to 14.9* per cent of ICL's equity.

STC is being advised by merchant bankers Morgan Grenfell, appointed only a week ago because STC's normal advisers, S. G. Warburg, are also retained by ICL.

British coal board loss nears £2bn over four years

By Maurice Samuelson in London

INDUSTRIAL ACTION, falling sales and a huge *bill* for subsidence claims have raised the losses of Britain's coal industry over the past four years to nearly £2bn, according *to the National Coal Board's (NCB)* annual report and accounts published yesterday.

Of the record £875m lost last year, almost £200m stemmed from the effects of the loss of output during the 19-week overtime ban launched last November and the first three weeks of the wider stoppage, now in its *20th* week.

A further £113m was lost by the unexpectedly high rate of compensation for subsidence-damage the scale of which, like the industrial action, emerged, only late in the financial year.

The losses were covered by the £1.3bn support and investment which the coal industry received last year from the Government. The NCB was able to carry on only because the Government was prepared to underwrite its losses while the industry turned itself round. Despite the scale of the losses, the Government had renewed its assur*ance that it would continue to pro*vide the means to enable the board to meet its commitment.

The difficulties encountered by the NCB are also visible in its operating costs presented in yesterday's report. Although salable output had fallen from 104m tonnes to 90m tonnes between 1982-83 and 1983-84, the total cost per tonne of deep mined coal had risen from £41 to £46 and the average operating loses had risen from £3 to £6.60 a tonne.

In 1982-83, two of the NCB's 12 mining areas – North Derbyshire and North Nottinghamshire – had *shown an operating profit.* But last year, they, too, joined the loss-makers and only the North-East and South Wales trimmed their losses.

The biggest losses were shown by South Wales (£14.40 a tonne); Scotland (£13.90 a tonne); and Barnsley (£12.20 a tonne). North Derbyshire and North Nottinghamshire, which the previous year had made a profit of 45p and £3.17 a tonne, now lost £5.64 and £3.69 respectively.

Open-cast coal, in contrast, remained highly profitable. Although output fell nearly 1m tonnes to 13.8m tonnes, the operating profit of £211m was £19m higher than in the previous year.

In his introduction to the NCB report, his first since becoming chairman last September, Mr Ian MacGregor writes that without the industrial action and the big increase in subsidence costs, unit cost per tonne increases would have been held below the increase in general inflation.

Talks expected, Page 6

THE LEX COLUMN

Binary thinking from STC

Coming so soon after Thorn EMI's misadventures, it must have taken some courage yesterday for Standard Telephone and Cables to step into the City of London's den of lions with another high-technology merger plan.

STC's chairman played a creditable Daniel with some brave words about convergent technology and Britain's need of a major information technology group, but he was still addressing a mean and hungry audience last night, with STC's shares closing down 28p at 276p.

The broad rationale behind STC's move is *easily* appreciated. The group has an extensive telecommunications technology base and a strong balance sheet. It has identified *future long-term growth* with a move linking it with data processing and office network systems. Whether a hostile take-over of ICL offers the best available route looks more questionable.

ICL has always struck the City as a fairly impenetrable business. STC has given no indication of any searching analysis of its target and is full of praise for the job ICL's management is doing. This might be fully consistent with its avowed intention to let ICL as a subsidiary operate as autonomously as possible, but the proposed autonomy itself sits a little oddly with STC's de*termination* to harness the two companies' marketing teams together, which is apparently key to the synergy on offer.

Other prospective benefits are also hard to pin down in detail. ICL is not a major sales force in the international market and would bring no guaranteed access to British Telecom.

The two businesses may well be converging fast, but their styles remain contrasted and the physical advantages of marrying them together are less than self-evident for the moment.

For the longer term, STC's proposals may well make some sense. In the meantime, though, the potential risks look more conspicuous. No doubt the Government and ICL's institutional shareholders may relish the prospect of a bid at the right price. Less predictable is the reaction either of ICL's commercial partners – most critically, Fujitsu – or of the company's own management.

ICL's rejection of the bid terms, finally, has left open the question of its management's real feelings. The departure of some top executives might yet impede the continuing recovery of ICL, for which STC is so far prepared to pay £360m. The offer implies a multiple of 9½ times prospective earnings, which already looks enough for a smallish player in the cut-throat world of mainframe computers.

Continental Illinois

The rescue package which the U.S. authorities are now putting to shareholders in Continental Illinois has all the hallmarks of an unrefusable offer. As a matter of form, shareholder approval will naturally be required. Yet without this assent Continental would be declared insolvent and reconstructed in any case; so it looks as if investors will prefer 80 per cent *dilution to a total* shut-out, and keep their option money in the revamped bank.

Rather less certain, however, *must be the fate of the $240m rights* issue. And the FDIC's eventual plan of selling out its embarrassingly acquired 80 per cent – essential to any pretence that Continental is not being nationalised – could remain a pipe-dream for years.

If things go badly the shareholders will stand to be wiped out under the official scheme. Any losses sustained by the FDIC in disposing of its new $4.5bn loan portfolio will be *offset against the remaining share*holders' funds of $800m.

At least this framework also permits investors some chance of sharing in a recovery. *And despite all* the compromises to which the regulators are subjecting American free-market ethics, the FDIC has *taken diplomatic care to leave* Continental's sovereign loans out of the lifeboat.

ICI

From the City of London's viewpoint, ICI's second-quarter figures – pre-tax of £287m – were pretty much on target, bringing the half-way total to £532m. This raises afresh the question of whether ICI can make a headline-grabbing £1bn in what seems confirmed as its best year in the current cycle.

Though most analysts think otherwise, *it could still be a* close-run thing. The second quarter is seasonally ICI's strongest, but the 6 per cent volume gain over the first quarter is even so not bad considering the impact of the IG Metall strike – now being made good in the third quarter – on sales in West Germany. The slowdown in the U.S. economy, like the collapse of the dollar, no longer seems a matter for rational forecasting.

The chances are, though, that this quarter will have marked the peak of the cycle. The market is now chiefly exercised by the vexed question of *how far ICI's recent em*phasis on cost containment and added value will cushion it against the downturn.

More useful, perhaps, than such hypotheses is the general expectation of a total payout this year of 30p net – a conservative and surely sustainable level, irrespective of the downturn. This puts the shares, at 542p, on a useful prospective yield of 8 per cent.

Continental Illinois leaders go in $4.5bn rescue

Continued from Page 1

well as access to Federal Reserve liquidity *will remain available. The* new FDIC infusion would replace $2bn subordinated loan from the FDIC and a group of banks.

The Administration and the bank regulators seem certain to have their handling of the Continental crisis scrutinised closely in Congress probably in hearings which will take place before the November presidential election.

Already, the near collapse of Continental, which could have provoked *a worldwide financial crisis*, has dealt a severe blow to President Ronald Reagan's hopes of pushing the deregulation of the U.S. financial system further. "Re-regulation" is now the by-word. It has also focused renewed attention on the alleged inadequacies of the Federal Deposit Insurance System which guarantees depositors with less than $100,000 against loss.

One issue which seems likely to be raised is the ambiguous situation under which the FDIC as the dominant prospective shareholder will have no votes and no representation on the board of the bank and maintains that it will not interfere in the day-to-day operations of the bank, according to Mr Isaac. The FDIC has retained veto rights on certain key policy areas, however. The rescue package appears to have been carefully constructed to try to maintain the impression that the bank remains a private sector institution.

Privately, officials concede that they are ready to sell it as soon as practicable.

William Hall in Chicago writes: Mr Swearingen said yesterday: "It *is impossible to overstate the im*portance to the city of Chicago and the country's banking system of getting the Continental back on its feet."

Mr Swearingen, long an opponent of government intervention, described suggestions that the bank was being nationalised as "erroneous." "The government is not running this bank and will not interfere in day-to-day management."

Mr Swearingen was elected *chairman and chief executive of the* holding company on Wednesday night, he and Mr Ogden, the new chairman and chief executive of Continental Bank, will take over their duties on August 13. They replace Mr David Taylor, the current chairman, and Mr Ed Bottum, who have resigned from the board of the bank and the holding company. They will remain as vice-chairmen and said yesterday that they would stay with the organisation.

1978: After growing rapidly, Continental is named one of best-managed companies in the U.S. by national financial magazine.
1981: Continental earns a record $254.6m.
July 2 1982: Continental reports $61m second-quarter loss, non-losses on energy loans made through failed Penn Square Bank.
August 30 1983: Mr Gail Melck, Continental's operations chief, announces plans to take early retirement. Two months later, Mr John Perkins, president, and Mr Donald Miller, vice-chairman, announce they will retire in 1984.
February 27 1984: Mr Roger Anderson resigns as chairman. Mr David Taylor appointed his successor with Mr Edward Bottum as president. Continental maintains 50 cents quarterly dividend.
April 17 1984: Sale of its credit card operations saves Continental from a first-quarter loss, but non-performing loans grow to $2.3bn.
May 8 1984: Continental denies rumours of imminent bankruptcy. Stock falls to $13⅝.
May 11: Federal Reserve Board lends Continental $3.6bn.
May 14: After emergency discussions, 16 banks led by Morgan Guaranty provide a $4.5bn 30-day standby credit line.
May 17: FDIC injects $1.5bn capital into Continental, with additional $500m from commercial banks. FDIC assumes right to hire and fire Commercial Banking Group line of credit expanded to $5.5m and participants increased to 28. Continental suspends quarterly dividend. Fed and FDIC guarantee no depositor will lose money.
May 30: Mr Taylor says Continental will probably need permanent federal aid.
July 15: Continental's borrowings from the Fed continue to increase while the Commercial Banking Group is forced to supply additional loans.
July 17: Private investors plan to inject new capital into bank.
July 18 – July 23: Details of a possible long-term rescue plan by the federal regulators begin to emerge.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	30	86	Malaga	–	–	–	Salzburg	R	14	57
Akrotiri	S	29	84	Faro	S	30	86	Malta	–	–	–	Seoul	F	31	88
Algiers	S	30	86	Florence	S	31	88	Manila	–	–	–	Singapore	–	–	–
Amsterdam	C	17	63	Frankfurt	C	17	63	Miami	–	–	–	Stockholm	F	18	64
Athens	S	29	84	Funchal	S	25	77	Milan	S	26	79	Strasbourg	C	18	64
Bahrain	–	–	–	Geneva	S	21	70	Moscow	C	20	68	Sydney	–	–	–
Bangkok	–	–	–	Gibraltar	C	28	82	Munich	C	18	64	Taipei	–	–	–
Barcelona	S	25	77	Guernsey	S	17	63	Nairobi	C	22	72	Tangier	–	–	–
Beirut	F	28	82	Helsinki	F	19	66	Naples	S	29	84	Tehran	–	–	–
Belgrade	R	20	68	H. Kong	F	32	90	New Delhi	S	34	93	Tel Aviv	S	30	86
Berlin	C	16	61	Innsbruck	R	15	59	New York	–	–	–	Tenerife	S	29	84
Biarritz	S	22	72	Inverness	C	16	61	Nice	S	27	81	Tokyo	C	31	88
Blackpool	F	20	68	Istanbul	S	27	81	Oporto	S	24	75	Toronto	–	–	–
Bordeaux	F	24	75	Jersey	C	18	64	Oslo	F	18	64	Tunis	S	32	90
Brussels	C	15	59	Jo'burg	F	15	59	Paris	C	17	63	Valencia	F	28	82
Budapest	C	19	66	Las Palmas	S	27	81	Prague	C	15	59	Venice	S	25	77
B. Aires	–	–	–	Lima	–	–	–	Reykjavik	R	13	55	Vienna	C	20	68
Cairo	S	34	93	Lisbon	S	25	77	Rio de J'o	–	–	–	Warsaw	C	18	64
Cape Town	S	18	64	Locarno	–	–	–	Rome	S	28	82	Zurich	C	15	59
Caracas	–	–	–	London	C	19	66								
Casablanca	C	24	75	Los Angeles	–	–	–								
Copenhagen	F	21	70	Luxembourg	C	15	59								
Corfu	–	–	–	Madrid	S	28	82								
Dublin	S	21	70	Majorca	S	28	82								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Shearson to take over UK broker

Continued from Page 1

partners and 240 staff. Mr Andrew Hugh Smith, Capel-Cure Myers' senior partner, said talks with Grindlays had started about a year ago but were subsequently slowed down by Grindlay's negotiations with the Australian and New Zealand Banking group.

Mr Hugh Smith said the firm needed outside capital to develop its business. "Our business has been operating under two constraints. We have been reliant on our own capital and we have been largely UK orientated rather than international. This deal releases us from both those constraints."

Mr Robert Logan, chief executive of Grindlays, said: "This is an excellent transaction. *We have never* really had the backroom investment advisory services to penetrate the securities markets to the depth we want."

Grindlays operates from 180 branches in 40 countries, but Mr Hugh Smith stressed that the deal *"provides no conflict of interest* with any of our clients." This absence of overlap or conflict was "unique" among all the links announced *so far to bring outside* capital into the London stock market.

Security Pacific said its new link with John Govett would not lead to a merger of the fund management *group with Hoare Govett.*

Mr William Govett, chairman of John Govett, said the link with Security Pacific would fulfil two objectives. It would bring in new capital Govett required in the light of changes in London's investment markets, and would allow the company *to market its international in*vestment expertise to the client base of a large American organisation.

John Govett and Hoare Govett were both historically linked to the Govett family but until now there has been no financial connection.

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SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday July 27 1984

Terry Dodsworth and Stewart Fleming highlight the main points of the Continental Illinois rescue package

Recipe for 'one of the strongest banks in the world'

MR WILLIAM ISAAC, chairman of the Federal Deposit Insurance Corporation (FDIC) claimed yesterday that U.S. bank regulators were in the process of creating "one of the very strongest banks in the world" with the multi-billion dollar government-sponsored rescue scheme for Continental Illinois National Bank announced yesterday.

The main components of the package are:

Loan purchase

The FDIC plans to remove most of its troubled loans, which have a current face value of \$5.1bn and on May 31 a written-down book value of \$4.5bn.

The loans will be acquired in two instalments. Loans with a book value of \$3bn will be purchased when the rescue programme is implemented following shareholder approval of the scheme. The purchase price will be \$2bn.

Over the subsequent three years the FDIC will purchase a further \$1.5bn of problem loans for \$1.5bn. Mr Isaac said the three year period was designed to provide the bank with the opportunity to select the worst problem loans for sale to the FDIC.

The proceeds which the FDIC recovers from the problem loans will be used to repay borrowings from the Federal Reserve system. Mr Isaac said that sovereign loans to foreign borrowers are not being acquired. These totalled \$2.1bn on March 31, and a high proportion of them are loans to countries such as Brazil or Mexico which have entered into rescheduling agreements. By leaving these loans out of the rescue package the FDIC avoids setting precedents for valuing such loans or setting aside provisions for them which would affect other banks.

Capital infusion

To replenish the \$1bn charge-off resulting from the sale of \$3.5bn of loans worth \$4.5bn the FDIC will acquire \$1bn in preferred stock in the bank's parent company, Continental Illinois Corporation. Together with the \$800m of shareholders' equity and \$325m of loan loss reserves in the bank after the sale of the loans to the FDIC, this infusion would bring the bank's equity capital base to \$2.2bn or 7 per cent of assets.

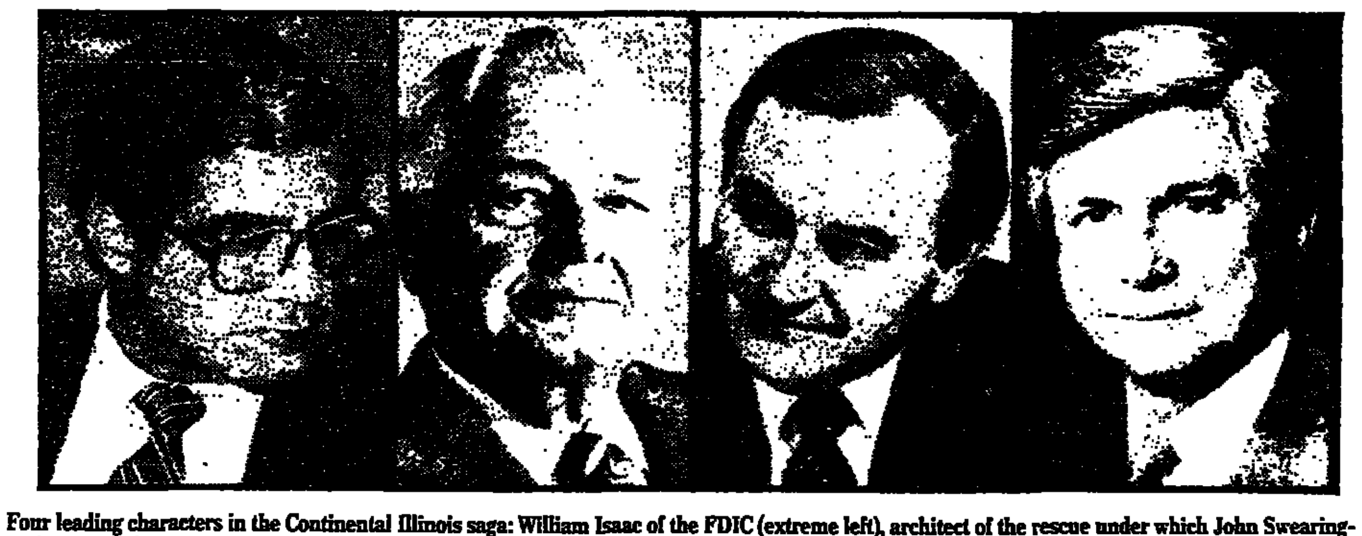
The capital infusion will be divided into two components, an issue of \$720m of non-voting preferred stock based on the average closing price of \$4.50 per share for Continental stock between July 10 1984 and July 16, 1984. The issue will pay no dividends. A second issue of \$280m of cumulative preferred stock paying a dividend related to Treasury borrowing rates will make up the balance of the \$1bn capital infusion.

Shareholders dilution

The \$720m preferred issue gives the FDIC the right to convert into 160m common shares which, if exercised, woud give the agency an 80 per cent equity stake in the bank.

The remaining 40m shares owned by the current shareholders will be transferred to a new corporation which the current shareholders will own entirely. The value of this equity is currently equivalent to the \$800m of shareholder equity estimated to be in the bank on May 31 1984. Any losses the FDIC incurs from the \$4.5bn of problem loans it is acquiring will be set off against this equity. Thus if the FDIC suffers losses of \$800m current shareholders' funds will be wiped out. The object of this structure is to give existing shareholders the prospect of recovering something from their rescue if the problem loans can be realised at a higher value than now seems likely.

If the FDIC does not suffer any losses under the loan purchase arrangements (disregarding any profit or loss from its preffered and common stock interests) all remaining loans and assets would be returned to the bank. Any dividends on the shareholders' 40m shares will be available to cover potential FDIC losses under the loan purchase agreement.



Four leading characters in the Continental Illinois saga: William Isaac of the FDIC (extreme left), architect of the rescue under which John Swearingen (centre left) comes in to replace the ousted David Taylor (far right) as chairman and chief executive of the holding company, and William Ogden (centre right) who takes over as chairman and chief executive of the bank

Rights offering

Current shareholders will be issued with a transferable right to acquire 40m shares of Continental Illinois Corporation for either \$4.50 or \$6 depending on when the right is exercised. This could raise up to \$240m of new equity.

Approvals

These proposals will have to be approved by shareholders at a meeting which will take place between 45 and 60 days from now. If shareholders reject the permanent aid transaction it is intended that current federal financial assistance will be withdrawn, which would result in the Comptroller of the Currency declaring the bank insolvent from a liquidity standpoint.

"In this event a newly chartered successor bank would be immediately and adequately recapitalised by the FDIC with liquidity support from the Federal Reserve. Depositors and all other general creditors of the bank would be fully protected against any loss of principal or interest or any delay in funds availability," the FDIC said. But current shareholders would no longer be involved in the ongoing bank.

Interim financial aid

Pending approval by the shareholders and consummation of the permanent aid package the interim \$2bn subordinated loan to the bank from the FDIC and a group of banks remains in place, as does the assurance by the FDIC of May 17 1984 that "all despositors and other general creditors of the bank will be fully protected and service to the bank's customers will not be interrupted." This assurance ends with the shareholders' approval of the package. But "in the light of the FDIC's commitment of capital resources to the bank the Federal Reserve will continue its lending assurance for the period during which FDIC capital is supplied to the bank." Also "the \$5.5bn funding facility by a group of major banks will remain in place."

The FDIC also said yesterday: "If for any reason the permanent financial assistance package proves to be insufficient the FDIC will commit additional capital or other forms of assistance as may be required."

Management changes

Two new executive officers, Mr John E. Swearingen and Mr William S. Ogden have been named by the FDIC. Mr Swearingen will be chairman and chief executive of Continental Illinois Corporation and Mr Ogden will hold the same positions in Continental Illinois National Bank. Both will receive \$600,000 a year as well as options to purchase shares in the bank.

The FDIC said it "will not interfere with or control the bank's day to day operations," but "the agreements give the FDIC certain basic protections as a major investor such as the right to object to the continued service of any board member, safeguards against dilution of the FDIC's shares and the right to veto any merger or reorganisation."

But the FDIC will not control the hiring or compensation of officers, lending or investment policies or other normal business decisions. It intends to dispose of its stock interest in Continental as soon as practicalbe, which could be through a sale to a private investor group or to one or more banking organisations or through an underwritten public offering, it said.

American Motors edges forward

By Paul Taylor in New York

AMERICAN MOTORS (AMC), the fourth largest U.S. car maker, in which the state-owned French motor group Renault has a 46 per cent stake, has reported a modest \$4.7m profit in the second quarter.

This is AMC's third consecutive profitable quarter, although earnings have dipped from \$7.4m in the 1983 fourth quarter and \$5.12m in the 1984 first quarter.

AMC's second quarter net earnings were equivalent to 2 cents a share, and came after a \$1.6m provision based on an employee investment plan. They compared with a \$76.9m or \$1.06 a share loss in the same period a year ago. Sales increased 39 per cent to \$1.06bn from \$761m.

For the first six months AMC reported net earnings of \$9.8m or 5 cents a share compared with a loss from continuing operations of \$166.3m in the same period last year on sales which increased to \$2.14bn from \$1.4bn.

AMC said worldwide car and Jeep wholesale sales in the quarter increased 19 per cent to 113,441. Car sales slipped 17 per cent to 59,405 units, but Jeep sales jumped

Mr Paul Tippett, chairman and chief executive, and Mr Jose Debeurwaeder, president and chief operating officer, said: "American Motors is now in the second year of its five-year strategic plan and the announcement of a third consecutive profitable quarter reinforces our belief that the plan is sound."

How U.S. banking authorities salvage the failures

BY WILLIAM HALL IN NEW YORK

FIRST NATIONAL BANK OF MIDLAND: The second biggest bank failure in U.S. history occurred on October 14,1983, following a run on this \$1.4bn Texas bank resulting from widespread publicity of its substantial losses on energy-related loans. The Federal Deposit Insurance Corporation (FDIC) lent the troubled bank \$100m two days before it failed in order to stabilise the situation and give it time to arrange a takeover by Dallas-based Republicbank.

SEAFIRST: On April 23, 1983, BankAmerica, the second biggest U.S. banking group, took over the \$9.6bn Seafirst, the 29th biggest, after it had run into serious financial difficulties in energy lending stemming from its involvement with the failed Penn Square Bank of Oklahoma city. The \$400m takeover, which included a \$150m capital injection from BankAmerica, was a private sector initiative mounted without visible help from the authorities. The bank lost \$91.2m in 1982 and another \$456.2m in 1983 and had suffered a run on its deposits. Bankers say that given the scale of its losses, bankers say the authorities would have been forced to step in if BankAmerica had not come to the rescue.

UNITED AMERICAN BANK: The failure of this \$838m bank on February 15, 1983, made headlines because its owner, Mr Jake Butcher, was the principal organiser and promoter of the 1982 World's Fair and twice a candidate for Governor of Tennessee. His empire consisted of some 40 loosely affiliated banks and sayings and loans, and before the end of the year seven more Tennessee banks controlled by Mr Butcher or his brother, Mr C. H. Butcher jnr, had failed. Their failure was blamed on bad lending, loans to insiders and evidence of deliberately misleading accounting.

PENN SQUARE BANK: With assets of \$517m, Penn Square, a one-office bank in a shopping mall on the north side of Oklahoma City, was far smaller than most of the industry's casualties but the ramifications of its failure on July 5, 1982, are still being felt. Since the mid-1970s the bank had increased its assets 15 times over, chiefly through loans to the booming local oil and gas companies. In addition, it had sold another \$2bn of high-risk energy loans to other banks, including Seafirst and Continental Illinois. As time was short and because it could not estimate the size of the losses, the FDIC departed from its normal practice of effectively guaranteeing all the deposits in a failed bank and only paid up on the insured deposits. Only about \$200m of the bank's \$465m of deposits was insured and the FDIC has estimated that it will probably only get back around two thirds of its money.

FIRST PENNSYLVANIA CORPORATION: The FDIC announced a \$1.5bn "financial assistance plan" for the \$8.4bn group on April 28, 1980. First Penn, the country's oldest commercial bank and the 23rd biggest bank in the U.S., ran into trouble after it grew too quickly and suffered heavy losses on its bond portfolio. The FDIC put up \$325m of subordinated five-year debt and 26 commercial banks put up another \$175m. The banks agreed to provide a continuing commitment of \$1bn in lines of credit and the Federal Reserve indicated that the discount window would be available "as appropriate." In addition, the FDIC was given 13m warrants and the banks 7m warrants

FRANKLIN NATIONAL BANK: During the week of May 6, 1974, the Federal Reserve Bank of New York began lending money to the New York-based Franklin National, which ranked 20th in size in the U.S. with assets of around \$5bn, to help it meet what was hoped would be a temporary liquidity crisis. The bank had been finding it increasingly difficult to fund itself in the money markets following sizeable loan losses, and news of losses on its bond and foreign exchange trading operations. For the next five months U.S. bank regulators tried to find a permanent solution to Franklin's problems and its borrowing from the Fed soared until October 8 when the regulators decided they had no alternative but to declare the bank insolvent

Hitch in bid for Victor Technologies

By John Davies in Frankfurt

PROBLEMS have developed in the proposed takeover of a majority stake in Victor Technologies, the U.S. computer company, by West German business interests.

Businessmen involved in Kerkerbachbahn, the diversified Mannheim-based company whose interests include building, have been proposing to take over 70 per cent of Victor Technologies for \$30m.

Herr Tom Sieger, Kerkerbachbahn's chief executive, said yesterday a problem had arisen over a proposal that one of the Victor shareholders should continue to provide a credit line. He believed the takeover was "95 per cent certain, however."

Victor Technologies filed for bankruptcy in the U.S. earlier this year. The West German businessmen have reached agreement with creditors of Victor for the takeover move, although any agreement requires endorsement of the court supervising Victor's affairs.

Herr Juergen Tepper, the head of Victor Technologies' operations in West Germany, said yesterday the U.S. group was continuing to talk to other companies – one in Sweden and two in the U.S. – over their interest in a possible takeover of Victor.

Herr Tepper said Victor Technologies – producer of the Sirius microcomputer – was operating profitably in West Germany and as a group.

The Kerkerbachbahn business interests have been planning to take over the Victor stake through a West German company shell whose name is being changed from Reichold Chemie to Beta Systems Computer. A majority stake in this company shell was taken by a Luxembourg holding company, Beta Systems International.

Kerkerbachbahn, which was launched on the West German stock market last year, has taken a 30 per cent stake in the Luxembourg holding company.

Sohio launches share buyback offer as quarterly profit dips

BY TERRY BYLAND IN NEW YORK

STANDARD Oil of Ohio (Sohio), which yesterday disclosed a dip in earnings in the second quarter of this year, is offering to buy in at least 11m of its own shares.

The plan could lift British Petroleum's stake in Sohio from 53 per cent to about 55 per cent, since BP will not be tendering any of its shares.

But the UK oil company was quick to ward off any misapprehensions, by emphasising that it has no plans for "any extraordinary corporate transaction by or with Sohio such as a merger, corporate reorganisation or liquidation" or plans to buy more Sohio shares.

Sohio is offering \$47.50 cash – against \$44¾ in the stock market – for the shares, which represent 4.5 per cent of the issued common and common equivalent securities. The offer is not conditional on any minimum number of shares being tendered, but Sohio reserves the right to buy additional shares.

That would increase BP's percentage stake beyond the 55 per cent mark. The offer is open until August 17, with Lazard Freres as dealer-managers.

Sohio's net earnings slipped from \$476m or \$1.94 a share to \$458m or \$1.86 in the second quarter, although sales edged up from \$3.1bn to \$3.3bn. Earnings for the first half are now 11 per cent up at \$839m or \$3.40 a share but Mr Alton Whitehouse, chairman, said second-half profits would be below those for the opening six months.

For the whole of fiscal 1983, Sohio earned \$1.6bn on sales of \$12.1bn. Sales for this year's first half were \$6.2bn against \$5.9bn.

Profits from refining and marketing operations were more than halved to \$54m in the second quarter and profits from oil and gas exploration improved slightly to \$826m.

In the fourth quarter, Sohio will increase its offtake from Prudhoe Bay by about 76,000 barrels of oil a day.

Superior Oil, the former Keck family-controlled oil group, earned \$29.7m in the second quarter, but only after excluding expenses of \$29.6m related to the merger battle which culminated in Superior's acquisition by Mobil Oil.

Chemicals sales lift Petrofina

BY PAUL CHEESERIGHT IN BRUSSELS

STRONGER demand for chemicals has helped to lift the net profits of Petrofina, the Belgian oil and chemicals group, by 17 per cent in the first half of the year.

Net profits were BFr 7.9bn (\$136m) compared with BFr 6.7bn in the 1983 first half, the group announced yesterday.

The improvement in Petrofina's chemical results started last summer and gained intensity this year. In the U.S., the group has already noted, improvement was spectacular with plants operating at full capcity and prices rising.

The 17 per cent rise in net profits follows at 16.5 per cent increase for the whole of 1983 over 1982, a slightly higher rate of growth than the average for Petrofina over the last 15 years.

The group's shares, however, have recently been hovering at just over BFr 6,500 on the Brussels bourse, roughly in the middle of their 1984 trading range.

Second quarter gain for Bell Canada

BY ROBERT GIBBENS IN MONTREAL

BELL Canada Enterprises, the holding company for the regulated Bell Canada telecommunications business and nearly 80 unregulated businesses, lifted second quarter operating net profits from C\$188.1m (\$142m) or 91 cents a share to C\$227.4m or 98 cents.

The rise took six month operating net profits to C\$430.2m or C\$1.87 a share against C\$339.9m or C\$1.64, or C\$382.2m including special items. Average shares outstanding rose from 191m to 217m.

Revenues rose from C\$4.28bn to C\$4.92bn, with C\$2.56bn (C\$2.24bn) in the second quarter.

BCE's major shareholdings in TransCanada Pipelines contributed 18 cents a share to earnings in the latest six-month period, and international consulting 4 cents. Regulated telecommunications earnings were C\$296.7m against C\$278.3m.

● The U.S. Federal Reserve Board has approved the acquisition of Harris Bankcorp, the major Chicago bank, by Bank of Montreal. The deal, first announced last year, is subject to a 30-day waiting period to enable the U.S. Justice Department to review the proposed \$540m merger.

Restructuring puts Pepsico in the red

By Our New York Staff

PEPSICO, the U.S. soft drinks group, recorded a loss of \$28.2m from continuing operations in the second quarter, after bearing the charge of \$220m for restructuring announced during the period.

The restructuring charge will be more than offset, however, when the gain on the sale of Pepsico's North American Van Lines subsidiary is completed, possibly not until next year.

The restructuring charge masked a gain of 37 per cent in earnings from continuing operations during the quarter. Each of the group's operating divisions showed improvement, said the board, with beverages, food products and food service showing "impressive momentum."

There was a further loss of \$14.3m from discontinued operations, making the final net loss of \$42.5m for the quarter, measured against a profit of \$72.2m from continuing operations in the comparable period. Revenues edged up from \$1.7bn to \$1.9bn.

During the period, Pepsico agreed the sale of its transport interests, North American Van Lines and Lee Way Motor Freight.

U.S. banks in property deals

By Our Financial Staff

TWO major U.S. banks, Security Pacific and InterFirst, yesterday announced planned or potential property deals, taking advantage of the strength of the U.S. property market.

Security Pacific, the fast-expanding West Coast banking group, said it had signed a letter of intent to sell its 55-storey headquarters building in downtown Los Angeles

InterFirst, the Dallas bank holding company, said that it was considering the sale of interests in two downtown Dallas office buildings.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN QUARTERLY RESULTS

AMERADA HESS
Integrated oil company

Second quarter	1984 $	1983 $
Revenue	2.01bn	1.9bn
Net profits	45.4m	68.2m
Net per share	0.54	0.81
Six months		
Revenue	4.44bn	3.74bn
Net profits	133.8m	73.2m
Net per share	1.58	0.87

AMERICAN PRESIDENT COS.
Shipping

Second quarter	1984 $	1983 $
Revenue	229.7m	188.3m
Net profits	28.9m	10.4m
Net per share	2.49	0.90
Six months		
Revenue	450.7m	345.4m
Net profits	43.1m	†9.0m
Net per share	3.72	†0.77

†Loss

AMF
Industrial & leisure products

Second quarter	1984 $	1983 $
Revenue	280m	242m
Net profits	4.14m	†1.33m
Net per share	0.13	†0.06
Six months		
Revenue	520.5m	451.6m
Net profits	2.57m	†4.37m
Net per share	0.05	†0.19

†Loss

BANK OF BOSTON
19th largest U.S. bank

Second quarter	1984 $	1983 $
Assets	21.8bn	19.1bn
Net profits	30.9m	31.2m
Net per share	1.55	1.71
Six months		
Revenue	—	—
Net profits	55.8m	68.3m
Net per share	2.38	3.75

BC FOREST PRODUCTS
Pulp and paper

Second quarter	1984 C$	1983 C$
Revenue	262.7m	239.4m
Net profits	5.4m	†4.5m
Net per share	0.11	—
Six months		
Revenue	433.9m	434.3m
Net profits	†5.3m	†20.6m
Net per share	—	—

†Loss

BECTON, DICKINSON
Health care products

Third quarter	1983-84 $	1982-83 $
Revenue	279.9m	282.4m
Net profits	15.4m	4m
Net per share	0.74	0.19
Nine months		
Revenue	821.7m	830.9m
Net profits	41.3m	41.3m
Net per share	1.97	1.95

BORG-WARNER
Vehicle parts, chemicals, plastics

Second quarter	1984 $	1983 $
Revenue	1.03bn	881.1m
Net profits	46.6m	45m
Net per share	0.52	0.50
Six months		
Revenue	1.98bn	1.69bn
Net profits	96.8m	80.5m
Net per share	1.07	0.90

CHAMPION SPARK PLUG
Plugs and spraying equipment

Second quarter	1984 $	1983 $
Revenue	212.3m	198.3m
Net profits	9.6m	7.6m
Net per share	0.25	0.20
Six months		
Revenue	425.4m	370.8m
Net profits	19.2m	5.7m
Net per share	0.50	0.15

CHUBB
Property & casualty insurance

Second quarter	1984 $	1983 $
Revenue	—	—
Op. net profits	14.5m	24.5m
Op. net per share	0.78	1.32
Six months		
Revenue	—	—
Net profits	27.5m	49.1m
Net per share	1.18	2.66

CITY INVESTING
Insurance, heating equipment, printing

Second quarter	1984 $	1983 $
Revenue	1.61bn	1.45bn
Net profits	53m	42m
Net per share	1.15	0.97
Six months		
Revenue	3.15bn	2.84bn
Net profits	93m	69m
Net per share	1.98	1.64

CONSOLIDATED EDISON
Utility

Second quarter	1984 $	1983 $
Revenue	1.25bn	1.18bn
Net profits	82.1m	77.4m
Net per share	0.64	0.60
Six months		
Revenue	2.78bn	2.54bn
Net profits	226.5m	177.5m
Net per share	1.75	1.38

COOPER INDUSTRIES
Drilling equipment, tools

Second quarter	1984 $	1983 $
Revenue	521.7m	461.8m
Net profits	28.8m	15.6m
Net per share	0.58	0.27
Six months		
Revenue	988.2m	914.5m
Net profits	44m	25.1m
Net per share	0.84	0.42

FRUEHAUF
Truck trailers

Second quarter	1984 $	1983 $
Revenue	725.1m	484.1m
Net profits	23.8m	1.8m
Net per share	1.82	0.08
Six months		
Revenue	1.41bn	944.4m
Net profits	41.3m	†16.4m
Net per share	3.14	†1.46

†Loss

GENERAL RE
Reinsurance

Second quarter	1984 $	1983 $
Revenue	454.5m	409m
Net profits	39.29m	54.54m
Net per share	0.88	1.21
Six months		
Revenue	874.1m	785.6m
Net profits	69.69m	103.5m
Net per share	1.55	2.36

GULF CANADA
Oil, natural gas

Second quarter	1984 C$	1983 C$
Revenue	1.26bn	1.2bn
Net profits	69m	57m
Net per share	0.30	0.25
Six months		
Revenue	2.59bn	2.33bn
Net profits	142m	125m
Net per share	0.62	0.55

JWT
Advertising PR

Second quarter	1984 $	1983 $
Revenue	128.1m	117.6m
Net profits	6.2m	6m
Net per share	1.01	1.08
Six months		
Revenue	249.8m	220.5m
Net profits	9.9m	7.1m
Net per share	1.63	1.29

M. LOWENSTEIN
Fabrics, textiles

Second quarter	1984 $	1983 $
Revenue	155.8m	139.7m
Net profits	7.1m	4.8m
Net per share	1.67	1.10
Six months		
Revenue	320.9m	267.4m
Net profits	15.5m	8.5m
Net per share	3.68	2.03

McDONALD'S
Restaurant chain

Second quarter	1984 $	1983 $
Revenue	2.55bn	2.15bn
Net profits	108.6m	96.1m
Net per share	1.84	1.60
Six months		
Revenue	4.75bn	4.02bn
Net profits	183.6m	162.1m
Net per share	3.11	2.71

MACMILLAN
Publishing

Second quarter	1984 $	1983 $
Revenue	114.5m	97.1m
Net profits	5.1m	5.8m
Net per share	0.53	0.60
Six months		
Revenue	199.7m	168.9m
Net profits	4.3m	5.3m
Net per share	0.45	0.54

MAYTAG
Laundry equipment

Second quarter	1984 $	1983 $
Revenue	158.3m	142.3m
Net profits	15.4m	13.3m
Net per share	1.13	0.76
Six months		
Revenue	335.6m	298.7m
Net profits	32.4m	23.8m
Net per share	2.37	2.07

MORRISON-KNUDSEN
Construction, shipbuilding

Second quarter	1984 $	1983 $
Revenue	486.5m	532.2m
Net profits	9.5m	9.4m
Net per share	0.90	0.90
Six months		
Revenue	965.4m	1.01bn
Net profits	16.9m	16.4m
Net per share	1.60	1.58

NEW YORK TIMES
Diversified media business

Second quarter	1984 $	1983 $
Revenue	308.6m	284.1m
Net profits	29.7m	23.3m
Net per share	0.70	0.60
Six months		
Revenue	603.9m	542.5m
Net profits	52.2m	43.1m
Net per share	1.32	1.11

OCEAN DRILLING & EXPLORATION
Oil and gas exploration

Second quarter	1984 $	1983 $
Revenue	182.2m	226.7m
Net profits	20.9m	31.3m
Net per share	0.40	0.60
Six months		
Revenue	368.1m	456.1m
Net profits	44.1m	68.8m
Net per share	0.85	1.33

PITTSTON
Coal producer

Second quarter	1984 $	1983 $
Revenue	334.5m	282.8m
Net profits	†772,000	501,000
Net per share	†0.02	0.01
Six months		
Revenue	682.7m	579.4m
Net profits	†5.0m	70,000
Net per share	†0.13	—

†Loss

POLAROID
Instant photography

Second quarter	1984 $	1983 $
Revenue	318.6m	305.1m
Net profits	7.3m	5.5m
Net per share	0.23	0.17
Six months		
Revenue	586.9m	556.6m
Net profits	13.7m	7.5m
Net per share	0.44	0.24

PRENTICE-HALL
Publishing

Second quarter	1984 $	1983 $
Revenue	101.9m	93.6m
Net profits	1.2m	3.8m
Net per share	0.12	0.38
Six months		
Revenue	201.1m	183.3m
Net profits	1.6m	5.8m
Net per share	0.16	0.59

TAFT BROADCASTING
Broadcasting, entertainment, TV

First quarter	1984-85 $	1983-84 $
Revenue	88.8m	107.8m
Net profits	11.9m	6.7m
Net per share	1.28	0.69

TANDEM COMPUTERS
Computer system

Third quarter	1983-84 $	1982-83 $
Revenue	141.9m	110.3m
Net profits	9.2m	8.4m
Net per share	0.23	0.21
Nine months		
Revenue	379.5m	300.4m
Net profits	21.3m	22m
Net per share	0.51	0.54

WHITE CONSOLIDATED IND.
Household appliances

Second quarter	1984 $	1983 $
Revenue	661.8m	565.3m
Net profits	17.7m	13.5m
Net per share	1.09	0.84
Six months		
Revenue	1.17bn	1.05bn
Net profits	26.8m	21.2m
Net per share	1.63	1.35

Creusot casts shadow on French nuclear agency

The failure of Creusot-Loire, France's biggest engineering group, has put a major question mark against the future of CEA-Industrie, the nuclear holding company which was formed recently in order to smooth the flow of private capital into this element of the French energy business. Paul Betts reports from Paris

THE COLLAPSE of Creusot-Loire is casting a worrying shadow over the Commissariat à l'Energie Atomique (CEA), the French atomic energy agency.

The state agency, which recently regrouped all its non-defence industrial interests into a new holding company called CEA-Industries, owns 50 per cent of Framatome, the nuclear power station builder. The bankrupt Creusot-Loire owns the other 50 per cent.

At a difficult moment for the nuclear industry in general, M Gerard Renon, the CEA senior administrator, acknowledges that the outcome of the current efforts to work out a salvage plan for Creusot-Loire could have major consequences on Framatome and on the overall financial outlook for the newly-formed CEA holding company.

The new company, whose assets include full ownership of Cogema, the only company in the world to handle all integrated aspects of the nuclear fuel cycle, the 50 per cent shareholding in Framatome and 95 per cent control of the French CISI computing services company, among many others, has just reported its first consolidated results.

These show net earnings of FFr 55m ($6.3m), net operating profits of FFr 1.7bn and sales of FFr 22.2bn for 1983. Figures like this place the company in the top league of the French nationalised groups.

CEA formed CEA-Industrie to give its industrial assets wider public exposure and easier access to the financial markets. CEA itself was originally established to co-ordinate the development of the military and non-military nuclear sector in France. But the non-military activities have increasingly turned CEA into a major industrial group.

Indeed, the non-military business now accounts for as much as two-thirds of total annual sales.

Although at FFr 3.7bn, CEA-Industrie has one of the largest annual cashflows among French nationalised companies, this falls substantially short of average annual capital spending of FFr 7bn.

M Renon believes most of the major elements of CEA-Industrie face improving prospects. Barring any dramatic developments in the nuclear fuel cycle, an improvement is expected in Cogema's financial performance, CISI is slowly recovering, although it is still expected to lose money this year, and, according to M Renon, Framatome has "a good future," although clearly hinging on the consequences of the Creusot-Loire bankruptcy.

M Renon is reticent to discus the Creusot-Loire affair, but he emphasises he wants Framatome to maintain all the necessary autonomy to enable it to operate successfully and dynamically.

The French Government's salvage plan is now taking the form of a new company, grouping various industrial interests, to take over the main industrial assets of Creusot-Loire. Framatome is expected to be part of this group, although it is uncertain who will acquire Creusot-Loire's 50 per cent stake in the nuclear power company.

At this stage, CEA is not keen to increase its 50 per cent stake in Framatone. The Government is understood to be considering the eventual entry of a minority foreign shareholder in Framatone, but this raises delicate domestic political questions. Equally, an eventual new shareholding structure of Framatone and, for that matter, of Creusot-Loire, consisting largely of French nationalised or state-controlled groups, would inevitably lead to protests about "creeping nationalisation."

This has long been one of the arguments of M Didier Pineau-Valancienne, the Creusot-Loire chairman who has just stepped down, in his long battle with the Socialist Government on the future of the engineering group.

The Creusot-Loire affair also raises important financial and industrial problems. The engineering group is an important supplier of equipment to Framatome. If Creusot-Loire disappears, new sources would have to be found to maintain the flow of supplies.

Framatome also advanced substantial loans to the engineering group. Although the total has declined from its peaks, the nuclear power company is still owed about FFr 1bn by Creusot-Loire.

All this comes at a time when Framatome is preparing itself for the future in the face of a declining domestic market for nuclear orders, the need to rely more heavily on power station service and maintenance business, and to turn more to export markets, and tackle the difficult and slow process of diversification.

If the fate of Framatome and Creusot-Loire remains the great uncertainty for the atomic agency, its expansion in the computing services businesses is also proving difficult and costly. CISI last year lost FFr 109m and its U.S. acquisition, the Philadelphia-based Wharton Econometric group, is proving a costly investment.

The investment in Wharton is expected to end up absorbing about $15m, CEA officials indicate. But the agency believes the investment will eventually pay off, giving its CISI subsidiary its own international macroeconomic data bank and related systems.

As for Cogema, the other dominant industrial subsidiary of the agency, the outlook appears to be improving. The recent changes in the U.S. Department of Energy's system of nuclear fuel enrichment contracts are expected to help Cogema, and the multinational Eurodif uranium enrichment plant in which it owns a 51.5 per cent majority interest, to penetrate further the U.S. market. Japanese and West German electricity utilities are also showing keen interest in the development of nuclear fuel reprocessing plants.

M Renon also expects a decision this summer in the arbitration case between Eurodif and Iran. The case involves the long-running dispute between the two parties following Tehran's decision to shelve its nuclear energy programme and to stop receiving supplies of enriched fuel from Eurodif's plant in southern France.

Eurodif is seeking compensation from Iran running to several billion francs for breaking the original contractual arrangements.

Norsk Hydro plans Swedish Mobil deal

BY DAVID BROWN IN STOCKHOLM

NORSK HYDRO, Norway's largest and industrial concern, is in the final stages of negotiating the takeover of Mobil Oil's retail petrol stations in Sweden.

"We have agreed that there is a strategic interest for both of us and have eliminated most of the major problems," said Mr Sven Arnild Andersen, managing director of Norsk Hydro's Swedish affiliates.

The 220 garages have a 5 per cent Swedish petrol market share. Expanding North Sea output is expected to boost Norsk Hydro's share of the Scandinavian retail petrol market to some 15 per cent by the end of the decade, and the group is anxious to secure its own market outlet in Sweden.

At present it has a 6 per cent Swedish market share in middle distillates and a 5 per cent market share in petrol in Denmark. It will be entering the petrol market in Norway this autumn, following a recent lifting of a government ban.

Mobil will concentrate on expanding its lubricant production, its major line of business in Sweden, where it holds a 18 per cent market share, the company said. It now produces some 150,000 barrels for the Swedish market and exports a further 100,000 barrels to Denmark and Norwaq.

Although Sweden has recently seen several petrol price wars, the market has historically been highly profitable. The market leaders in Sweden are OK, the state co-operative, and Shell, each with a 19 per cent share.

BASE LENDING RATES

A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Irish Bank	12 %	C. Hoare & Co.	†12 %
Amro Bank	12 %	Hongkong & Shanghai	12 %
Henry Ansbacher	12 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Limited	12½%	Knowsley & Co. Ltd.	12½%
Associates Cap. Corp.	12 %	Lloyds Bank	12 %
Banco de Bilbao	12 %	Mallinhall Limited	12 %
Bank Hapoalim BM	12 %	Edward Manson & Co.	13 %
BCCI	12 %	Meghraj and Sons Ltd.	12 %
Bank of Ireland	12 %	Midland Bank	12 %
Bank of Cyprus	12 %	■ Morgan Grenfell	12 %
Bank of India	12 %	National Bk. of Kuwait	12 %
Bank of Scotland	12 %	National Girobank	12 %
Banque Belge Ltd.	12 %	National Westminster	12 %
Barclays Bank	12 %	Norwich Gen. Tst	12 %
Beneficial Trust Ltd.	13 %	People's Tst. & Sv. Ltd.	13 %
Brit. Bank of Mid. East	12 %	R. Raphael & Sons	12 %
■ Brown Shipley	12 %	P. S. Refson & Co.	12 %
CL Bank Nederland	12 %	Roxburghe Guarantee	12½%
Canada Permn't Trust	12 %	Royal Trust Co. Canada	12 %
Cayzer Ltd.	12 %	■ J Henry Schroder Wagg	12 %
Cedar Holdings	12 %	Standard Chartered	‖12 %
■ Charterhouse Japhet	12 %	Trade Dev. Bank	12 %
Choulartons	12½%	TCB	12 %
Citibank NA	12 %	Trustee Savings Bank	12 %
Citibank Savings	¶12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd.	12½%	Volkskas Limited	12 %
Comm. Bk. N. East	12 %	Westpac Banking Corp.	12 %
Consolidated Credits	12 %	Whiteway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
The Cyprus Popular Bk.	12 %	Wintrust Secs. Ltd.	12 %
Dunbar & Co. Ltd.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
E. T. Trust	12½%		
Exeter Trust Ltd.	12½%		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10 %		
■ Robert Fleming & Co.	12 %		
Robert Fraser	12 %		
Grindlays Bank	‡12 %		
■ Guinness Mahon	12 %		
■ Hambros Bank	12 %		
Heritable & Gen. Trust	12 %		

■ Member of the Accepting Houses Committee.
* 7-day deposits 8.75%. 1-month 9.50%. Fixed rate 12 months £2,500 10.75% £10,000, 12 months 11%.
† 7 day deposits on sums of under £10,000 8¾%. £10,000 up to £50,000 9¼%. £50,000 and over 10%.
‡ Call deposits £1,000 and over 8¾%.
‖ 21-day deposits over £1,000 9¼%.
§ Demand deposits 8¾%.
¶ Mortgage base rate.

Ambrosiano to explore merger

BY ALAN FRIEDMAN IN MILAN

NUOVO Banco Ambrosiano, the successor to the late Sig Roberto Calvi's failed Ambrosiano group, has given a mandate to top management to explore prospects for a merger with its La Centrale financial holding subsidnary.

The mandate comes two months after the Novo group came close to selling La Centrale to a consortium of 20 Italian banks. The consortium had offered close to L300bn ($171m) for La Centrale.

This sale is understood to have been blocked by the Bank of Italy. As a result, Nuovo is now going to explore the complex prospect of a fusion between itself and its financial subsidiary. Nuovo is owned by seven banks which took over in 1982. La Centrale, which is 47 per cent owned by Nuovo, is quoted on the Milan bourse.

Complicating matters further is La Centrale's 40.9 per stake in Rizzoli, the troubled publishing group which is in court-appointed receivership. Huge Rizzoli debts still plague Nuovo and its indirectly controlled Banca Cattolica subsidiary.

The Nuovo board has now decided to try to reschedule the Rizzoli debt. But the main object of Nuovo is to try to sell Rizzoli to reduce the burden.

German steel group improves turnover

By Rupert Cornwell in Bonn

FIRST-HALF performance by Klöckner-Werke, the West German steel and manufacturing concern, bears out hopes of a gradual improvement in the international steel industry this year.

The concern, which turned in net losses of DM 139.7m ($49m) in the year ended September 1983, reported yesterday that sales in the first six months of the year have climbed 3.6 per cent to DM 3.36bn.

The gains came almost exclusively from foreign business, which jumped 7.7 per cent. At home Klöckner managed only a 0.2 per cent sales gain.

Beijer expects lower profit

By Our Financial Staff

INVESTMENT AB Beijer, the Swedish group, is heading for lower profits this year, according to documents published in connection with a stock market listing in London.

The company, a mixture of industrial interests and investment portfolio operations, came into being at the end of 1982 when its former owner, the Volvo motor and industrial group, sold Beijer to Volvo shareholders.

Beijer expects profits before tax and extraordinary items to emerge at around SKr 180m ($21.7m) for 1984. Last year, when capital gains were inflated by a buoyant Swedish bourse, profits totalled SKr 384m.

Looking further ahead, Beijer says its broad policy of investing in Sweden will continue. But it does plan foreign ventures.

The bulk of Beijer's equity consists of restricted shares. Its free "A" shares have been listed in London. Group net assets at June 30 were worth SKr 142 a share.

INTL. COMPANIES & FINANCE

Riccar—a classic end-of-recession casualty

Robert Cottrell in Tokyo reports on Japan's fourth biggest corporate collapse

MR TAKEO UMESHITA sold Riccar sewing machines for 21 years. At the age of 51 he was, according to colleagues, one of the Japanese firm's top salesmen. On Monday of this week, he was working as usual. On Tuesday morning, he left his house by car, and did not return home. At three o'clock on Wednesday afternoon, the police found Mr Umeshita's body hanging from a tree in woods nearby his house in Mikuni, in the western Japanese prefecture of Fukui. In a not to his wife, Mr Umeshita had written, "I am in despair because the company where I worked for 21 years went bankrupt."

Riccar is Japan's fourth-largest postwar corporate collapse. Mr Umeshita's apparent suicide reflects the deep shock which such disruption can cause in Japan's stable and conservative society. Lesser potential casualties of the collapse are some 600,000 retail customers who made down payments on sewing machines under Riccar's advance-payment hire purchase scheme. Half the Y7bn ($28.7m) deposits are Government-guaranteed and at worst, the balance may be lost.

Riccar is not formally bankrupt, but has pursued an alternative course of seeking court protection from the claims of its creditors. Japanese credit agencies say the company owes an estimated Y105bn including loan guarantees.

Analysts say that Riccar is a classic end-of-recession casualty. It failed to become leaner and smarter and instead hung on to too many staff and fixed assets. It did not recognise that its basic product, the home sewing machine, was becoming socially and technologically outdated.

Japan's domestic market for sewing machines has been stagnant in recent years, while low-cost Taiwanese manufacturers have displaced Japan as the product's dominant exporter. Ricar failed to emulate competitors which diversified into other consumer products, while updating their sewing machines with electronic gadgetry. Brother Industries, Japan's largest sewing-machine maker, reduced the share of *sewing machines from 38 per cent of its overall sales in 1979* to 28 per cent in 1983, by expanding its production of office equipment, notably electronic typewriters.

Even with the purchase of a hotel group, sewing machines continued to represent over half of Riccar's business. In the year to March, the company reported a net loss of Y825m.

The future of Riccar is uncertain. It has elected to seek court and creditor approval for a type of reconstruction known in Japan as "wagi," or "composition." The choice of "wagi" is unusual. Japan does have a legal procedure for problem companies modelled on America's "Chapter 11" proceedings, and known as the "*corporate reorganisation law.*" Corporate reorganisation involves appointment of a receiver to manage the company, and requires approval from secured and unsecured creditors on a financial plan for restoring the company's health which may involve varying the rights of individual creditors.

However, "Wagi" leaves the company's existing management in place, and does not require secured creditors to compromise their position, such that they retain the freedom to force a sale of assets mortgaged to them. It is not likely to be a popular choice with Riccar's unsecured creditors, which include some of its foreign bank lenders.

Even some secured creditors may be hesitant about leaving the company's affairs in the hands of its present management rather than installing a receiver. And an important voice in Riccar's future has yet to be heard—that of its labour force, which is a creditor in respect of wage and pension entitlements. Further, the *support of the in-house union* will be vital to any rehabilitation programme. Redundancies, perhaps 500 of Riccar's 2,300 labour force, would have to be sought as part of any reconstruction.

But while bank creditors may not much like the idea of wagi, few if any would like individually to be the first to foreclose on the company, and so be publicly identified with its dissolution. Even if a secured creditor did want to foreclose, the indications are that there is considerable complexity in the securing of particular loans on particular assets, which could make the verifying and unwinding of particular secured claims a lengthy business.

The "cleanest" solution for Riccar would be a "white knight" merger, though there is no whisper of a buyer in prospect for the moment. If, at worst, the company is eventually liquidated, unsecured creditors are estimated by outsiders to be owed around Y28bn.

Regal Hotels to reshape capital

By David Dodwell in Hong Kong

REGAL HOTELS (Holdings), the financially troubled Hong Kong group acquired by Mr Bill Wyllie, the Australian entrepreneur, in March this year, yesterday announced plans for a capital reconstruction intended to improve the company's balance sheet, and prepare the way for a possible rights issue later this year.

The move comes just a month after Mr Wyllie revealed new loan facilities amounting to HK$760m (US$97m) to replace all existing external debt.

Mr Wyllie paid just over HK$90m in March for a 33.4 per cent stake in Regal, which was at that time controlled by the Lo family in Hong Kong.

The reconstruction involves reducing the par value of Regal shares from HK$1 apiece, to 20 cents, and then consolidating five old shares to make one new share. This would reduce the issued share capital from HK$697m to HK$139.4m. A reconstruction plan was also put forward for holders of company warrants.

Mr Wyllie said yesterday that the next step in restoring the company to health would be a rights issue or private placement aimed at raising about HK$300m.

Quiet half-year for Bank of East Asia

By Our Hong Kong Correspondent

HONG KONG'S Bank of East Asia has increased profits for the first six months of 1984 by 1.8 per cent to HK$49.4m (U.S.$6.3m) from HK$48.5m for the same period last year.

The bank, which is traditionally an early reporter and considered a good indicator of banking sector performance in the territory, is paying an unchanged interim dividend of 25 cents per share. Earnings per share amounted to 58 cents, compared with 57 cents at the half-way stage last year.

The figures are likely to understate the bank's true performance during the half year because of the practice among Hong Kong banks of transferring unstated amounts to inner reserves. East Asia earned consolidated profits for the whole of 1983 of HK$138.4m.

Tai Sang Land rejects UIC bid

BY OUR HONG KONG CORRESPONDENT

SHAREHOLDERS accounting for more than 50 per cent of the shares in Hong Kong's Tai Sang Land Development intend to reject an offer from Singapore-based United Industrial Corporation (UIC) which values *the company at HK$280m* (US$35.7m), Mr William Ma, chairman of Tai Sang, said yesterday.

UIC, headed by Mr Kim Yew, brother of Singapore's prime minister, is a holding company with interests in property, and the manufacture and distribution of detergents and toiletries. It launched the bid through Tandy, its Hong Kong-based subsidiary, just over a month ago.

It is understood that if UIC is successful, it intends to use Tai Sang as a springboard for business with mainland China.

UIC announced on June 17 that it had acquired a 28.6 per *cent stake in Tai Sang for* HK$68.82m, or HK1.56 a share. It said it was offering HK$2 for each oustanding share.

Tai Sang is a small but comparatively robust Hong Kong property company with most of its investments in go-downs (warehouses) in the territory. It also has a large commercial building being built at a cost of US$40m in San Francisco's financial district, and a financial services and insurance business.

In 1983, Tai Sang earned HK$15.8m on revenues of HK$79.4m. This followed a loss in 1982 of HK$20.4m. It is tightly controlled by the Ma *family, which has none of the* 10 board seats, and owns about 52 per cent of the group's shares.

Recent reports that some members of the Ma family were willing to dispose of their stakes had raised hopes in UIC that the bid might succeed.

Wardley's the merchant bank advising UIC on the bid, were not available yesterday to comment on the statement.

Pegi Malaysia back in the black

SINGAPORE—Pegi Malaysia, the investment holding group, registered an after-tax group profit in the year ended March, against a loss previously, despite a drop in operating revenue.

But lower extraordinary gains pushed attributable group profit down 53.4 per cent to 3.4m ringgits (U.S.$1.58m) from 7.3m ringgits, mainly because of an 84.4 per cent slide in extraordinary items to 1.3m ringgits from 8.4m ringgits. Pegi did not specify the source of the latest year's extraordinary gains—in 1982-83, they came from sales of investments.

After-tax earnings for the group totalled 2.2m ringgits. This compared with a loss of 734,000 ringgits in the previous year.

Operating income dropped to 26.3m ringgits from 36.3m ringgits. Pegi attributed that decline to Synthetic Resins (Malaysia) no longer being an associate of the group.

Pegi also said it was reducing its final dividend from 5 sen to 2.5 sen a share.

• After-tax group profit at Malayan Cement fell to 16m ringgits in the six months to end-May from 18.8m ringgits a year earlier. Tax charges were 75.7 per cent higher, at 7.3m ringgits, because of provision for deferred tax.

Pre-tax profit was 1.6 per cent higher at 23.3m ringgits, although group turnover fell 6.4 per cent to 127.5m ringgits from 136.3m ringgits.

Malayan Cement said uncertainty over Singapore's cement market continues, and that full-year profits may be "marginally down" from the previous year.

An unchanged dividend of 10 sen a share, less tax, is declared.

AP-DJ

Banco Filipino calls on Marcos for assistance

BY EMILIA TAGAZA IN MANILA

BANCO FILIPINO (BF), the beleagured Philippine bank that shut down on Monday because of severe liquidity problem, yesterday asked President Ferdinand Marcos to intercede with the central bank for emergnecy funds.

In a letter to the president, Mr Tomas Aguirre, BF's founding president said that he had met with Mr Jose Fernandez, the Central Bank governor, but that negotiations had failed. "Noting his (Mr Fernandez's) arrogant attitude and endless scheming, I doubt if we can reach an immediate solution," Mr Aguirre said. He added that the president must step in to assist the bank.

Since BF's shutdown its relations with the Central Bank have grown increasingly acrimonious. Accusations have been hurled back and forth between BF officials and Mr Fernandez.

BF was forced to close down it s 89 branches throughout the country after the central bank refused to give it additional emergency funds, claiming that earlier cash advances to BF were improperly used.

Fernandez refused to help until it surrenders 51 per cent of its total stocks—which it said may be sold to parties favoured by Mr Fernandez.

BF also claims that in 1976, Far East Bank and Trust ompany, the commercial bank Mr Fernandez headed before he became central bank governor, attempted, but failed to buy out BF.

Larut Tin drops out of venture with Chujitsuya

BY WONG SULONG IN KUALA LUMPUR

LARUT TIN, the Malaysian tin mining, property and retail group, yesterday announced the end of its joint venture with Chujitsuya, a leading Japanese chain store operator, following what it described as "differences over certain fundamental corporate issues."

Instead, it has reached a deal with Printempts of France for an exclusive franchise in Malaysia.

The termination of the partnership with Chujitsuya came as a big surprise. It was made on the same day that Larut opened a 110,000 sq ft supermarket outlet in Kuala Lumpur, using the Chujitsuya franchise name.

Larut told the Kuala Lumpur stock exchange that after eight months of "intense negotiations," both sides have agreed to break up the joint venture.

UK COMPANY NEWS

ICI £234m higher at six months

Imperial Chemical Industries' activities improved in the first six months of this year, resulting in an overall £234m surge to £532m in group taxable profits.

ICI, one of the largest industrial organisations in the world, reports that in geographical terms, all areas were better. The company points out that U.K. profits benefitted from a high level of exports, and adds that "significant improvements" were also achieved in the Americas, Australasia and the Far East.

This result means that ICI has pushed profits up by some £117m in both of this year's first two trading quarters.

Shareholders benefit from the improvement with a 20 per cent increase in the interim dividend to 12p per share — last year's second interim was lifted by 40 per cent to 14p giving a total payout of 24p (19p).

Two of ICI's activities returned profits for the interim period compared with losses last time. The largest turnround was in petrochemicals and plastics which staged a £93m swing to profits of £72m. Fibres contributed £13m compared with losses of £3m previously.

There was a substantial profit improvement in chemicals trading, which, ICI, says, resulted from better performances in all business sectors. The company

DIVISIONAL PERFORMANCE

	Trading Profit First half 1984 £m	Trading Profit First half 1983 £m	Increase £m	%
Agriculture	132	122	10	8.2
Colours, polyurethanes	19	12	7	58.3
Fibres	13	3*	16	—
General chemicals	79	53	26	49
Industl. explosives	18	14	4	28.6
Oil**	59	47	12	25.5
Paint	22	14	8	57.1
Petrochems/plastics	72	21*	93	—
Pharmaceuticals	109	86	23	26.7
Total	523	324	199	61.4

* Loss. ** After PRT.

adds that particularly good results were achieved in pharmaceuticals and agriculture.

The group's taxable result included oil profits of £59m, an improvement of £12m, and was struck after depreciation of £216m (£212m), safe again inter-sector eliminations of £4m and miscellaneous losses of £5m (£1m) — royalty income amounted to £24m (£20m) and Government grants totalled £13m (£14m).

Total group sales for the half year rose by £706m to £4.81bn with the second quarter some £356m ahead at £2.44bn.

Group chemical sales for the second quarter amounted to £2.22bn, an increase of 8 per cent or £157m over the first three months.

This increase resulted largely from a volume rise outside Western Europe mainly in the seasonal businesses.

Oil sales in the second three months totalled £213m, a decrease of £92m (30 per cent) from the exceptionally high level in the first quarter. After Petroleum Revenue Tax of £74m (£71m), ICI's oil business produced trading profits of £59m (£47m) in the first half.

ICI's tax bill for the six months rose by £91m to £193m. Despite this rise, net profits emerged well up at £339m compared with £196m.

Stated earnings per £1 share rose by 20.5p to 51.4p and cover increased the dividend by more than four times.

Minorities accounted for £24m, against £9m, leaving an attributable balance of £315m (£187m).

See Lex

Lasmo buys 6½m acres of Australia

By Dominic Lawson

Lasmo, the independent UK oil company, has acquired the interests of Tenneco Oil & Minerals of Australia, a subsidiary of Tenneco, the Houston-based energy group.

Tenneco Australia has petroleum exploration interests in about 6.5m acres, mostly onshore Queensland. Tenneco also has an interest in the Cooper Basin, close to a recent Lasmo oil discovery. However, the acquisition is entirely of exploration acreage, with no discovered oil.

Mr David Ferguson, Lasmo's finance director, said last night that as part of the agreement with Tenneco, the cost of the acquisition would not be disclosed.

However, if all existing and anticipated agreements and options are exercised, Lasmo will be involved in spending at least A$14m (£8.7m) on exploring the acreage. After that the net interest attributable to Lasmo will be about 2.5m acres. Lasmo, active in Australia through its subsidiary, Hudbay Oil (Australia), will assume management control of the assets on August 1 1984.

Watsham's £7m for Lonsdale and dividend is boosted by 1.6p

WIT Hthe announcement of its year-end figures, Watsham's says it is to acquire Lonsdale Technical and associated companies for £7.75m. The board also proposes that the company's ordinary shares of 25p each should be sub-divided into 5p shares.

Pre-tax profits increased from £1.21m to £1.46m in the year to March 31 1984, and the final dividend is raised from 8.35p to 9.6p net for an increased total up from 12.1p to 13.725p.

Turnover of this London-based manufacturer and supplier of specialised products in optical, instrumentation and industrial safety industries, rose from £6.35m to £7.46m. Gross profit improved from £2.52m to £2.99m.

Operating expenses were up from £1.38m to £1.58m. The pre-tax figure included investment income down from £78,799 to £63,322, and was after interest payable of £6,960 compared with £928.

The tax charge for the year increased from £486,645 to £531,782, and there were net extraordinary debits of £99,881 (£152,071). Earnings per share improved from 27.3p to 34.5p.

At half-way, pre-tax profits came out at £603,000 compared with £537,000.

The directors say the current trading and prospects for the development of the company continue satisfactorily and are in line with its planning and expectations.

In his interim report, the chairman said that since the year end there had been primary concentration on development and acquisition policy. It brought together the complimentary activities of Moore and Co (Medical Supplies) in the South of England, and Direct Medical Supplies in the Birmingham and Midlands' areas, with those of their pharmaceutical diviisons. In addition, it planned for expansion in its optical division.

The deal for Iousdale and its associated companies, together with freehold properties occupied by certain of those companies, is to be satisfied by the issue of 1.3m new Watsham's shares to the vendors — this is approximately 31.5 per cent of Watsham's enlarged capital.

Arrangements have been made for Watsham's stockbrokers to place these shares mainly with existing and other leading institutional investors. Holders of the 56.7 per cent of the issued ordinary shares have undertaken to vote in favour of the necessary resolutions to approve the acquisition.

Lonsdale Technical had prel tax profits of £817,000 in the year to January 31 1984 against £697,000 in the 16 months to January 31 1983. Management accounts for the period since the last year-end to June 30 1984 show that trading has continued to be satisfactory and in line with management expectations.

The companies which form the Lonsdale Technical Group were, recently, all subsidiaries of Lonsdale Universal which was acquired by John Menzies in 1982. The major trading companies are Lonsdale Technical and Lonsdale Technical Services, whicht are principally engaged in providing technical services

The companies involved form the technical division of Menzies and are Lonsdale Technical, Lonsdale Technical Services, LMA and Lontec. Completion is expected to take place during August.

Half-year advance for Mount Charlotte

PRE-TAX PROFITS for the 28 weeks to July 15, 1984, rose from £1.4m to £3.53m at Mount Charlotte Investments, the hotel operators. The results include the Mount Royal Hotel and Kennedy Hotel, which were acquired in September, 1983. Results for the rest of the year will take into account the company's recent acquisition of Skean Dhu, which owns and operates five hotels in Scotland.

Turnover for the opening period expanded to £18.98m (£11.52m). Gross profit was £5.27m (£2.73m), and administrative expenses took £623,000 (£425,000). There was a higher interest charge of £1.12m (£904,000).

The directors estimate that the tax charge for the year will be quite small, in view of unrelieved ACT, losses brought forward, and allowances on substantial capital expenditure.

After minorities of £2,000 (same), the attributable profit was £3.53m (£1.4m). The directors have already declared an interim dividend of 0.46p (0.4p).

comment

There are no surprises in this latest announcement from Mount Charlotte as the figures were given an airing last month at the time of the £27.1m vendor placing. As such, this is a very creditable result, reflecting an underlying profits increase of well over a third in the old core business with last year's expansion into London providing well over half these interim profits. Now, Mt Charlotte has buttoned virtually no extra gearing to give up a plumb provincial chain with it a much wider base. As it is, the provincial hotels are also beginning to feel a little flush. The strategic plan is to steadily upgrade the hotels for increased commercial occupancy, particularly in London. Apart from generating higher room rates, this will also reduce the group's exposure to the cyclical tourist/discretionery trade. The outlook is for strong growth tempered, in the short term, by the ability to digest the Skean Dhu acquisition; the Scottish head office still has to be closed down and consolidated into Leeds while the Glasgow hotel has yet to prove itself against tough competition. But at least £9m pre-tax should be possible this year, putting the 51½p shares on prospective multiple of almost 11 (fully diluted) on a low tax charge—a rating not wildly out of line with the sector.

Crocker loss and bad debt charge hits Midland Bank

Midland Bank's profits for the opening six months of 1984 has materialised at £66m.

The profits, down from £136m to £70m at the pre-tax level, were struck after consolidating the already announced £80m half-year loss of Crocker National Corporation. They also took account of a £72m rise in bad debt charges.

In the corresponding months of 1983 Crocker, Midland's troubled Californian subsidiary, earned profits of £29m.

The Midland, the first of the four big clearing banks to announce its interim results, is holding its half-yearly dividend at 11p net from earnings of 25p (42.4p) per £1 share.

Sir Donald Barron, the chairman, says that with the exception of Crocker, the group's international operations maintained the progress made in recent years.

He tells shareholders that in the UK, domestic activities showed a further good improvement in performance with "strong growth" in commission income and increased margins.

Some 65 per cent of the group's bad debt charges (up from £119m to £191m) related to Crocker, mainly in the first quarter.

For the group's remaining operations there was an overall reduction in the level of the bad debt charge principally due to an improvement in the experience of the International Trade Services Group compared with last year.

Prior to the provision for bad and doubtful debts Midland's trading profits showed an improvement of £23m to £309m.

These figures comprised net interest income of £792m (£729m) and other operating income of £500 (£434m) less operating expenses of £983m (£877m). Other operating income included £11m (£17m) in respect of profit on the sale of fixed interest investments.

Of the provisions for bad debt charges £184m) were specific and £7m (£28m) general. Of the total accounted for £124m (£23m).

Group pre-tax profits were struck after adding in a same-again £13m from its associates and deducting interest on subordinated loan capital of £61m (£44m).

Tax accounted for £44m (£45m), minorities added £31m (took £14m) and below the line there were extraordinary debits of £7m, compared with previous credits of £1m. The group's

Sir Donald Barron, the chairman of Midland Bank, who yesterday revealed a £66m shortfall in first-half profits.

attributable surplus emerged at £50m (£78m) from which interim dividend payments will absorb £25m (same).

The bank transferred £230m (nil) from reserves to provide for Budget 1984 tax changes. At June 30, 1984 reserves carried forward amounted to £1.19bn (£1.33bn).

At June 30 1984 the group had total assets of £58.27bn, compared with £53.19bn. These included advances and other accounts amounting to £43.72bn (£37.68bn) and liquid assets of £8.18m (£9.42m).

It is estimated that currency translatoin alone has increased total assets by some £4bn.

For the full 1983 year the Midland Bank made pre-tax profits of £25m after deducting £318m for bad and doubtful debts.

	Six months June 30 1984 £m	Six months June 30 1983 £m
Trading profit	309	286
Bad debt charge	191	119
Associates profit	13	13
Loan interest*	61	44
Pre-tax profit	70	136
Tax	44	45
Net profit	26	91
Minorities	*31	14
Extraordinaries	7	*1
Attributable profit	50	78

*Credit

comment

One advantage of Midland's current position, struggling through its Crocker problems to register an interim pre-tax profit of only £70m, is that only confirmed pessimists can really expect things to get any worse. Indeed the prospect of a second half unburdened by £80m of losses from Crocker—and with higher interest rates leading to better margins in UK banking—means that it is not hard to see a full 1984 figure of £250m or more. On the indicated 63 per cent tax charge, yesterday's 332p share price represents about 7 times earnings, an inflated ratio which only serves to emphasise how dependent Midland's price is on the defence of its dividend—a virtually guaranteed 11 per cent. The modest general provision for bad debts, and the minimal amount provided for overseas debts other than Crocker's, have met with a touch of City scepticism and apparently leave Midland rather open to any further shocks from South America. Even without such disturbance, it is a question how fast Midland's balance sheet can allow it to progress; in real terms there seems to have been scarcely any asset growth since December. Natwest's present issue must inspire much envy in Poultry.

BIDS AND DEALS

Swithland in control of Midsummer Inns pubs

By William Dawkins

SWITHLAND LEISURE, a recently - incorporated private company, has succeeded in gaining control of Midsummer Inns, the USM-quoted offshoot of the Campaign for Real Ale.

Last night, Swithland announced that it had purchased shares and gained acceptances representing 51.02 per cent of Midsummer's equity. Swithland has raised its offer for the whole of Midsummer from 215p per share—which valued the group at £1.88m—to 240p, valuing the victime at just over £2m.

Greene, King and Sons, which provide dan important obstacle to Swithland's bid with its 9.5 per cent stake in Midsummer, has agreed to sell all of its 83,528 Midsummer shares to the predator at the revised price.

By the close of business on Thursday, Swithland had received acceptances for 138,376 Midsummer shares, 15.8 per cent of the total, and had purchased a further 25.6 per cent of the company, enough to give it majority control. Accordingly, Swithland's offer has now gone unconditional.

Swithland was formed recently by Mr Adam Page and Mr Paul Reece, who sold a chain of 29 pubs and discotheques to Whitbread earlier this year. They have pledged to maintain Midsummer's dedication to real ale

The bid has been stiffly resisted by Midsummer's management since it emerged early last month. Midsummer argued that the £1.88m offer undervalued its assets and failed to reflect its forecast earnings. It said Swithland's owners had experience at the "trendy extreme" running "fun pubs."

Midsummer is forecasting a pre-tax profit in the current year of between £110,000 and £150,000, compared with last year's £44,000. The forecast excludes a £375,000 surplus on the sale last March of the Nag's Head in Hampstead Midsummer's best known pub.

Charterhouse buys stake in Berkeley Exploration

BY ALISON HOGAN

CHARTERHOUSE PETROLEUM, the fast-growing independent UK oil company, has bought a 15 per cent stake in the USM quoted company Berkeley Exploration and Production.

A total of 1,530,700 shares, representing 14.99 per cent of the issued capital, was bought from Silvermines, the Dublin-based natural resources and industrial holding company for just over £2m at 135p per share.

Silvermines has made a £480,00 capital profit from the deal. It purchased a 15.9 per cent stake in Berkeley just three weeks ago on July 3 at 104p per share for a total cost of £1.6m. It intends to sell its remaining 19,300 shares in the open market in due course.

The purchase of the stake by Charterhouse Petroleum will re-open the debate over future control of the company. Silvermines bought its 15.9 per cent stake from Mr Paul Bristol, the former owner of Berkeley who sold out his 30 per cent stake two years ago to Elf UK, the subsidiary of Elf-Aquitaine of France.

Mr Bristol started buying back shares through his company Bristol Oil and Minerals in February at a price of around 105p compared with the 325p price at which he sold to Elf PK. It is understood that Mr Bristol approached Elf in January about selling its stake in Berkeley to him. Elf refused and in February added to its controlling stake "to demonstrate to the market that we do not intend to stay passive."

Charterhouse now replaces Mr Bristol as the main focus of market attention. Charterhouse has made a number of acquisitions in the last year and recently completed the £47m acquisition of certain oil and gas interests from Flour Corporation.

Falcon Resources, an oil company in which Silvermines has a 9.7 per cent stake, is joining the Stock Exchange following a one-for-two rights issue to raise £4m. Dealings in the shares are expected to begin on Monday.

Polly Peck in Turkish deal

Polly Peck (Holdings), Mr Asil Nadir's fruit-packing and manufacturing company, has agreed to pay £4.9m for two cold stores in Southern Turkey. The acquisition will be financed by the issue of 2,951,931 ordinary shares which have been placed with institutional investors.

Polly Peck has been one of the stock market's high flyers during the year. Its profits have soared from £2.1m on turnover of £6.48m in 1981 to £24.7m on turnover of £62.2m in 1983. City analysts are forecasting profits climbing to at least £49m in the current year which ends next month.

Polly Peck's fruit and vegetable operations are the main source of profit for Mr Nadir's substantial manufacturing and marketing interests in Cyprus and Turkey. These include the manufacture of Ferguson colour television sets and video products through a 1983 agreement with Thorn EMI.

Emray tries to show links between board contenders

BY RAY MAUGHAN

Emray, the vehicle distribution and financial services group, attempted yesterday to establish clear links between Mr Alan Gale, who is looking for a seat on the board, and the group of investors headed by Mr Murdoch Morrison, which also wants three seats.

Both sets of would-be directors were at pains to distance themselves on Wednesday, although they freely admit to the link they share with Taddale, which sold a 27 per cent stake in Emray to Mr Murdoch's group in March. Mr Gale is managing director of Taddale.

Mr Gale is representing Innovatech, a Guernsey-based business he acknowledges he knows little about, and has said that he wants to hold the ring between the incumbent directors and the Morrison faction.

According to Emray, Innovatech acquired its shares at the same time as the Taddale stake was put through the market. And Emray says the notices for all four board proposals are identical. They all allude to an annual meeting on July 6 and the current board says that only Mr Gale, a director until July 7, would have known of the original timing. The meeting is now set for July 31.

Sun Alliance fails to find 'loose' Phoenix shares

Sun Alliance and London Insurance yesterday failed in an attempt to pick up substantial numbers of shares of Phoenix Assurance in the market.

The company is currently offering 650p cash, with a loan alternative, in an agreed bid for and Pitman, were offering 627p a share with the aim of acquiring a further 5 per cent of Phoenix's equity — around 3.05m shares. Sun Alliance already holds 24.3 per cent of Phoenix's capital acquired from Continental Corporation.

However, Mr William Niven, Sun Alliance's finance director, said last night that this move had had very limited success, only 100,000 shares being acquired for 627p.

However, he claimed that the company was relaxed about this lack of response. There had been no ulterior motive in seeking to buy shares and no specific aim to strengthen the company's position.

It had been decided to see if any "loose" shares could be picked up in the market. Now that the formal offer has been made—the document was posted on Wednesday evening — any shares bought by Sun Alliance count towards the unconditional offer terms.

The market was somewhat surprised by this move. The main reason for investors to sell shares at this stage would be fears that the offer would not proceed. Phoenix's closing share price of 633p, up 8p indicates, however, that the market is not seriously expecting the bid to be referred to the Monopolies and Mergers Commission, which would cause it to lapse. Nor, however, is it anticipating a counter-offer at a higher price.

Nevertheless, Mr Niven said that Rowe and Pitman was still keeping its eyes open for sellers. Sun Alliance's price closed 4p higher at 370p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year,
Aeronautical & Gen.	5	—	4.5	5	4.5
Andre de Brett‡	nil	—	1.5	1	2.5
ICI ...int	12	Oct. 1	10	—	24
John I. Jacobs ...int	1.2	Oct. 31	1	—	2.9
Ladies Pride ...int	0.5	Oct. 15	0.5	—	2.5
Midland Bank ...int	11	Oct. 1	11	—	25.5
Norton Opax	2	Oct. 1	1.5	3	2.17*
Radiant Metal	1.5	Sept. 15	1	1.5	1
River Plate ...int	1.7	Sept. 5	1.4	—¶	6.2
United Computer	1.25	—	1.1	1.19‖	1.1
Watsham's	9.6	—	8.35	13.73	12.1

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Final of at least 4.8p expected. ‖ Includes special dividend of 0.71p.

BIDS AND DEALS IN BRIEF

H. Young yesterday requested a temporary suspension of its listing pending publication of reorganisation particulars.
qvealethen because of all the

* * *

Agreement has been reached for an increase in Rohan Group's offer for D.A.D. Properties acceptable to the target's directors.

The new terms are 10 Rohan shares for every 41 D.A.D. shares. The directors of D.A.D. intend to accept the offer. The revised terms are conditional upon acceptances being received by August 9.

* * *

Brent Chemicals International has exchanged contracts with MacDermid Inc. for the sale of the metal finishing activities of BCI's U.S. subsidiary, Brent Chemicals Corporation. Completion is scheduled for July 31 1984.

In addition, BCC has sold the fixed assets, inventory and business of Schwarz Services International to J. E. Siebel Sons' Company Inc. for $350,000 cash (£263,000).

* * *

C. E. Heath has acquired Peter Francis and Co. (insurance brokers). Consideration of £275,000 was satisfied by the issue of 58,881 ordinary shares.

* * *

Mitchell-Cotts has acquired certain of the assets of UK-based Spurr Group including Norton Harty Colliery Engineering, Craven Systems and Controls, Spurr Contractors, Spurr Instruments and Spurr Fabrication.

* * *

Law Land purchased on July 25, 8,185 shares at 125½p per share, making a total of 180,982 shares to date.

* * *

Epicure Holdings has sold 3,800 shares in London Pavilion. Epicure Holdings and Epicure Investments now hold a 26.15 per cent combined interest in the company.

* * *

Fabric manufacturer and supplier John Heathcoat and Company announce the agreement of a management buy-out of the 75 per cent stake currently held in John Heathcoat by Coats Paton.

As a result of the deal, the new ownership of voting share capital will be split as follows: Mr Reg Waddington (managing director) 27.5 per cent; Mr George Harvie (finance director) 27.5 per cent other directors and senior managers 20 per cent; the Heathcoat and Amory Trusts 25 per cent.

In 1983, group turnover reached £18.3m, of which 30 per cent was made up of exports, with pre-tax profits of £614,000 of which £443,000 was attributable to the assets being bought by John Heathcoat and Company (Holdings).

* * *

Caparo Industries acquired 370,000 ordinary Fidelity shares on July 23, increasing its total holding to 3m shares, or 26.6 per cent.

* * *

N.M.W. Computers has increased its interest in the ordinary capital of Applied Computer Techniques to 265,000 (6.16 per cent).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Britoil, Lex Service, Plastic Constructions.

Finals: J. and J. Dyson, Elbief, Energy Finance and General Trust, Forminster, Hallite, N.M.C. Investments, Regalian Properties, Trent Holdings, Wagon Industrial.

FUTURE DATES

Interims—	
Braid Group	Aug 1
Bristol Oil and Minerals	July 30
Cowie (T.)	Aug 2
Dewey Warren	Aug 21
Grindlays Holdings	July 31
Royal Dutch Petroleum	Aug 9
"Shell" Transport & Trading	Aug 9
Transport Development	Aug 16
Finals—	
Gordon and Gotch	July 31
Malarctic Hygrade Gold Mines (Canada)	Aug 8
Property Security Inv. Trust	Aug 8
Routledge and Kegan Paul	July 30

Members angry at ERG meeting

Electronic Rentals Group took some shareholders by surprise yesterday when long-standing chairman Mr Maurice Fry announced his retirement at the company's annual meeting.

He will be replaced by Mr James Griffiths, a director who is the representative on the board of the Philips multinational group which has a 25 per cent stake.

Sources close to the company said last night that Mr Fry had indicated at least a year ago that he wished to retire and added that "there was no boardroom coup or anything like it."

But some shareholders who attended the meeting pointed out that there had been no mention of Mr Fry's imminent departure in the company's annual report.

A group of shareholders said last night that they were forming an action group to voice their concern about the company's recent performance.

Pre-tax profits have fallen from a peak of £18m in 1982 to £12.3m in the year to the end of March, reflecting in part the declining appeal of renting televisions.

Mr Steven Slaughter, whose father Ernest was a former chairman of the group, said that the dissatisfied shareholders had tried to question the directors at the meeting but had not had a fair hearing.

They were angry about the group's "appalling" record. They were concerned about the appointment of Mr Griffiths as chairman since he was the board representative of a major shareholder.

Aeronautical & General optimistic

PRE-TAX PROFITS were marginally lower at Aeronautical and General Instruments for the year to March 31, 1984, at £1.02m, compared to £1.09m, due to higher research and development, export promotion and project launch costs at this manufacturer of advanced telecommunications products and military and marine systems.

However, earnings per share increased from 15.37p to 17.27p, and the directors are recommending an increased dividend of 5p (4.5p) per ordinary 25p share.

Mr John Dearlove, the chairman, says that prospects for the current year are good in both the UK and overseas, "with an increasing emphasis on export sales."

Turnover was £12.96m (£13.28m). Profit attributable to shareholders was £695,571 (£619,588).

"The company looks ahead towards an exciting range of new opportunities," the chairman adds. "New product development continues strongly in the area of electronic digital technologies and this is being extended beyond our range of electronic payphones into other selected applications to serve specialised markets in the telecommunications and defence sectors."

The company viewed this year's results, following two years of substantial growth in new product areas, as firmly consolidating its gains.

* * *

Caparo Industries, on July 24 last, acquired 50,000 ordinary shares in Fidelity, increasing its total holding to 3.05m shares, or 27 per cent.

MINING NEWS

Rio Algom achieves good progress in second quarter

BY KENNETH MARSTON, MINING EDITOR

THE latest batch of second quarter earnings from the trans-atlantic mining majors contains a good performance by the Canadian Rio Algom in which Rio Tinto-Zinc has beneficial 52.8 per cent interest. Second quarter earnings of C$21.16m bring the half-year total to C$37.2m (£21.2m), or 83 cents per share, compared with C$24.1m in the same period of 1983.

Rio Algom, which earned C$51.14m for all of last year, has made more from uranium thanks to the Stanleigh mine which commenced operations in July last year and to a more favourable mix of sales contracts.

The Atlas Steels subsidiary achieved a modest profit compared with a los a year ago.

Indeed, there was an improvement in all operations with the exception of that of the 68.1 per cent-owned Lornex copper-molybdenum mine.

As already reported the latter suffered from lower copper and silver prices coupled with an interruption to production as a result of a ring gear change required in one of the mills.

The U.S. Newmont Mining, in which London's Consolidated Gold Fields has a stake of about 26 per cent has not done so well but continues to keep its head well above water.

After a notably poor final quarter of 1983 when net income dropped to $960,000 (£720,400) following a $6.7m write-down of copper stocks, the company earned $11.8m in the first quarter of 1984 and has now reported earnings of $12.6m for the second quarter.

Even so, the latest half-year total of $24.5m, or 81 cents per share, goes against $34.6m in the first half of 1983. Gold income has wilted in line with the lower bullion price while the non-ferrous metals interests have also suffered from lower prices.

In the 1984 second quarter the base metals lost $18.2m against a loss of $3.8m in the same period of last year. Coal, oil and gas, however, produced a 47 per cent rise in income during the quarter to $17.4m compared with the level of a year ago.

The major U.S. sufferer from low metals prices is still the copper-producing Phelps Dodge. The company reduced its first quarter loss to $5m thanks to an extraordinary credit of $25m from settlement of litigation.

But in the second quarter the loss has increased to $23.1m, making a half-year debit of $28.1m compared with a loss of only $3.6m in the first half of last year when copper prices were higher.

Not surprisingly, the quarterly dividend is again omitted; the company last paid 10 cents in June 1982.

Pezamerica's two-for one wins over Intl. Corona

MR MURRAY "THE PEZ" PEZIM, the Vancouver promoter and champion of the Hemlo gold rush in north-west Ontario has now gained control of one of the original companies in the field, International Corona Resources.

His Pezamerica Corporation says that it now owns 56.6 per cent of Corona as a result of its recent two-for-one share offer. Together with Royex Gold Mining, Pezamerica has formed a holding company, Pezcor.

Pezcor is owned by Pezamerica and Royex is proportion to the Corona holdings of each partner that have been transferred to the newcomer.

The Royex stake of 8 per cent in Corona thus brings the Pezcor holding of Corona to some 65 per cent.

Royex also holds convertible debentures and warrants of Corona which, if exercised, would increase the holding in the latter by 9 per cent.

Two Royex directors, Mr Tim Hoare of London stockbrokers Laing and Cruickshank and Mr New Goodman of Toronto are joining the Pezamerica board along with Mr Peter Brown of the Vancouver brokerage house, Canarim Investment Corporation.

Corona has a 45 per cent carried interest in its Hemlo gold property which Teck Corporation, with 55 per cent, is in process of bringing to the production stage. It is hoped to get the underground mine into operation by mid-1985 at a rate of 1,100 tons of ore per day.

Ore reserves are estimated at 8.4m tons grading a good 0.36 ozs (11.2 grammes) gold per ton, sufficient for a mine life of about 20 years.

The Corona-Teck venture also has a 50 per cent interest in part of a claim optioned to Noranda which contains 2.1m tons of ore grading 0.32 ozs per ton.

* * *

Lake Shore Mines reported net profits of C$20.5m compared with C$27.5m, while Wright-Hargreaves Mines turned in net profits of C$5.6m compared with C$7.4m. Again, the results of both of these members of the Lac group were distorted by extraordinary items.

Lac profits buoyant

THE STEADY rise in profits and gold production at Canada's Lac Minerals has continued in the three months to the end of June with net profits of C$6.68m (£3.8m) or 27 cents a share, up from C$5.11m or 22 cents in the second quarter of 1983.

This brings the cumulative total for the first half to C$15.98m or 64 cents a share, compared with C$11.41m or 50 cents at the same stage of last year.

Total gold production from the group's mines in Quebec and Ontario for the six months has risen to 142,430 oz, with 70,208 oz in the second quarter, against 124,799 oz in the first half of last year and 64,270 oz in the second quarter.

The group's policy of selling a large portion of its gold output forward, which has over the past four years ensured Lac of a gold price well in excess of the market level, has been maintained.

At July 24, a total of 165,000 oz had been sold for delivery from future production at an average price of US$402 per ounce, compared with the prevailing market price of around US$340.

UK COMPANY NEWS

Expansion takes toll of Ladies Pride

REFLECTING the cost of 40 new shop within shop openings and their stocks, Ladies Pride, the Leicester based fashion outerwear group, has turned in a loss before tax of £166,455 for the half-year ended May 31 1984. Sales in the period amounted to £3.21m compared with £3.17m in the same 1983 period from which a profit of £73,754 was achieved.

The directors report that two subsidiaries, Saffron Knitting Company, a maker of Jersey fabrics, and Judgetone (printers of transfer paper for textile industry), both traded profitably in the half-year.

The directors say that factories are working at full pressure on autumn and winter merchandise and the additional franchise outlets have been arranged in leading stores for the autumn in line with projections. The group had expected some 70 of these outlets to be in operation by August.

In the first-half of 1982/83 there was a tax provision of £29,501 leaving the net figure for that period of £44,253. Loss per share for the current half-year is shown at 1.96p (0.52p earnings).

Norton Opax £3m rights to aid planned expansion

BY STEFAN WAGSTYL

Norton Opax, a Yorkshire-based security and specialist printer, is asking shareholders for £3m through a one-for-three rights issue.

The company, which has expanded from printing lottery tickets to cheques and art catalogues, also yesterday announced a 28 per cent increase in pre-tax profits to £1.3m for the year to the end of March 1984, on turnover up 66 per cent to £17.6m, and a higher dividend.

Norton leapt to prominence last year with an unsuccessful bid for fellow Yorkshire printer John Waddington, maker of the Monopoly board game. Norton later realised a £250,000 taxable profit on the saye of its Waddington stake.

Mr Richard Hanwell, Norton's chief executive, said that the rights issue would help fund the company's £2m current investment programme in the latest printing technology.

He added that it would also cut the £4.5m net borrowings, allowing the group to take *advantage of future acquisition* opportunities, and it would spread further the ownership of the company since the founding Rocklin family, with a 49 per cent stake, was prepared to see its holding diluted.

The deeply discounted underwritten rights issue, at 90p a share, left the market price unchanged at 133p. It will involve the issue of about 3.49m new shares increasing Norton's equity capital by one third.

Mr Hanwell pointed out that the group, which now consists of 23 separate companies, would now concentrate on internal development following a series of rapid acquisitions, culminating in the £4.5m purchase of security printer Broadprint last October, the group's biggest buy so far.

Norton has not made a profit forecast for the current year, but yesterday said that management accounts showed combined turnover for the first quarter of £8.5m. The company stated that overall margins were higher, partly reflecting very strong *demand for specialised security* products.

Mr Richard Hanwell, the chief executive of Norton Opax

The company is recommending a final dividend of 2p, making a total of 3p net for the year, a 38 per cent increase on last year's adjusted 2.17p.

The increase in turnover was achieved despite the deconsolidation of the sales of the Australian subsidiary which has been turned into a joint venture. This move has resulted in an increased tax charge from £164,000 to £568,000, which depressed earnings per share to 7.97p (10.08p).

A professional valuation of plant and machinery at the year end showed a surplus of £1.6m which had not been included in the accounts.

● comment

In just two years Richard Hanwell *has transformed* Norton Opax from a printer of lottery tickets with a rather patchy record into a group with specialist printing. Waddington showed his knack for spotting—if not actually buying—a company ripe for acquisition. Broadprint and a more recent acquisition, Percy Lund Humphries, demonstrate how quickly he can turn big loss-makers into profit. The aim now is to cut production costs further, partly by investing in new technology, and to generate business by pulling together the customer lists of the 23 separate companies. In particular, Norton has its eyes on banks, building societies and other financial services clients with an ever-increasing demand for security printing. Meanwhile, bringing the gearing down from 130 per cent (inflated by acquisitions) to 40 per cent will allow the group to make further small buys as they turn up. In the current year the group should easily make £2.2m pre-tax putting the shares on prospec*tive p/e of 13 on a 40 per cent* tax charge. The shares look good value.

Portsmouth Newspapers ahead in first quarter

ALTHOUGH turnover advanced from £7.96m to £10.91m, pre-tax profits at Portsmouth and Sunderland Newspapers were only £38,000 ahead at £865,000 in the 13 weeks to June 30 1984.

The pre-tax profit includes investment income of £9,000 compared with £13,000, and interest payable of £146,000 against a credit last time of £81,000.

Figures include Jesse Ward Investments since its acquisition on November 4 1983.

There was a first quarter tax charge of £389,000 (credit £164,000). Earnings per share were down from 8.3p to 3.9p.

In the year to March 31 1984, pre-tax profits fell from £3.33m to £2.12m. There was a tax credit of £418,000 against a charge of £825,000, and this resulted in net profits of £2.54m (£2.71m). After an extraordinary debit of £1.39m (£44,000), retained profits were substantially lower at £652,000 against £2.2m.

The extraordinary debit included £918,000 for goodwill *and £115,000 redundancy payments* on acquisition of Jesse Ward.

BANK RETURN

	Wednesday July 25 1984	Increase (+) or Decrease (—) for week

BANKING DEPARTMENT

	£		£
Liabilities			
Capital	14,553,000		—
Public Deposits	45,326,828	+	3,227,495
Bankers Deposits	741,246,875	+	39,209,114
Reserve and other Accounts	1,394,482,697	—	143,355,985
	2,195,609,400	—	100,919,377
Assets			
Government Securities	418,800,521	+	44,326,001
Advance & other Accounts	640,619,117	—	57,531,090
Premises Equipment & other Secs.	1,195,886,356	—	84,487,855
Notes	10,437,930	+	6,783,318
Coin	165,476	—	8,761
	2,195,609,400	—	100,919,377

ISSUE DEPARTMENT

	£		£
Liabilities			
Notes issued	12,200,000,000	+	20,000,000
In circulation	12,189,562,070	+	13,216,682
In Banking Department	10,437,930	+	6,783,318
Assets			
Government Debt	11,015,100		—
Other Government Securities	3,042,129,271	+	153,588,656
Other Securities	9,146,855,629	—	133,588,655
	12,200,000,000	+	20,000,000

Low sales and margins put the squeeze on de Brett

A SHORTFALL in sales combined with pressure on margins has pushed Andre de Brett into the red in the second half of 1983-84 and shareholders are not getting a final dividend. However, the directors say that profitability has been restored in the current year.

Turnover of this outsize ladies mail order group which came to the USM in April 1982 increased by 15 per cent to £5.8m but the directors state that the results were hit by insufficient sales in the peak trading months of February and March. Also the initial response to the group's spring and summer catalogue was disappointing.

The group has now cut its overhead expenditure by more rigorous controls following the appointment of Mr Ralph Williams as the new financial director on April 1. He replaced Mr Saduru Jaffer who left the company.

At the pre-tax level there was loss of £234,000 in the second six months resulting in a deficit of £30,000 for the year to March 31 1984 to stand against a profit of £566,000 in 1982-83. In 1981-82 the group achieved a 93 per cent jump to £895,000—just ahead of its USM forecast.

Shareholders have already received an interim dividend of 1p per 10p share so this compares with *a total of 2.5p paid* for 1982-83.

The directors explain that there was a sharp rise in borrowings in 1983 with a consequent rapid increase in interest due to continuing costs of expansion into menswear and direct retailing. Net interest charges rose from £15,000 (£140,000).

The group claims still to be the market leader in outsize mail order clothing in the UK. Overseas the loss making operation in Sweden has been terminated and £20,000 has been charged for this in the accounts.

The directors report that group sales in the first quarter of the current year were comfortably ahead and exceeded budget and the group has returned to profit at the pre-tax level.

COMPANY NEWS IN BRIEF

Capital and Counties has been successful in its call on shareholders for £30.7m through a rights issue of convertible unsecured loan stock.

The 8.25 per cent unsecured loan stock 1999-2004 offered at par was accepted in respect of £27.9m, approximately 91 per cent. The remainder was sold in the market at a net premium of about £2.77m per cent over the subscription price.

* * *

Net profits of Cadbury Schweppes Australia rose by 20.1 per cent to A$10.02m (£6.22m) in the 24 weeks ending June 16, 1984 on the back of a 13.5 per cent rise in sales to A$147.46m (£91.58m). The interim dividend is up from 4.5 cents to 5.25 cents. The results for the full year are expected to show a "satisfactory" improvement.

The Federal Government has given clearance to the company's proposed acquisition of the Australian operations of General Foods Corporation.

* * *

Pre-tax profits of shipbroker and shipowner John I. Jacobs edged ahead from a re-stated £562,000 to £615,000 over the six months ended June 30, 1984 and the net interim dividend is being increased by 0.2p to 1.2p per 20p share.

The results were struck after taking account of an £87,000 (nil) provision for diminution in the value of listed investments and paying higher interest charges of £92,000 (£51,000).

Administration expenses were lower, as was *investment income* and interest, but profit on the realisation of investments improved from £299,000 to £361,060. Tax took £124,000 (£76,000) to leave net profits little changed at £491,000 (£486,000). Earnings totaledd 2.13p (2.11p) per share. Turnover expanded to £612,000 (£497,000).

* * *

C. T. Bowring and Co., a subsidiary of Marsh & McLennan of the U.S., achieved a 9 per cent increase from £51.9m to £56.8m in total operating revenue in the first six months of 1984.

Most of the improvement was due to Bowring's reinsurance broking activities which contributed £3.5m more at £25.6m. All of the company's other operations also returned improved figures.

Wholesale insurance broking rose by £1m to £14m, direct insurance broking notched up a £300,000 advance to £16.6m and Lloyd's underwriting agency results rose by 20 per cent to £600,000.

After associates and other charges, the group's taxable profit emerged £2.3m higher at £21.1m. Tax took £9.9m (£10.5m).

* * *

Increased profits before tax of £75,644 against £22,743 have been achieved at Radiant Metal Finishing for the year to February 29 1984. Turnover of this company, engaged in electroplating and metal finishing, dipped to £660,830 (£668,960).

The directors are proposing a first and final dividend for the year of 1.5p (1p). Tax for the year came to £34,215 (£9,994).

* * *

Meldrum Investment Trust reports that the net asset value of its 25p shares fell from 173.4p to 168.3p over the six months to end-June 1984. At the end of the 1983 interim period the value was 163p.

Available revenue for the half year rose from £412,000 to £475,000 and earnings per share improved by 0.31p to 2.36p.

Gross revenue amounted to £798,000 (£693,000) and tax payable was £212,000 compared with £204,000.

* * *

Net asset value per 50p share of New Tokyo Investment Trust rose to 308.7p at June 30 1984, compared with 223.9p a year earlier. If the rights attached to the warrants was exercised in full the net asset value per share would be 290.6p (213.1p).

The directors report that the *trust's exposure to the* chemical and electronics industries has been reduced and further emphasis has been given to the retail sector.

Investment income in the half year to June 30 rose to £190,000 (£104,000). Pre-tax profit was £122,000 (£29,000). Earnings per share were 0.71p (0.13p).

* * *

The net asset value at United Computer and Technology Holdings fell nearly 6 per cent during the year, from 156p to 147p, largely as a result of the poor performance of the U.S. high *technology stock* market.

The company responded by remaining fairly liquid, and increased income by 64 per cent from £119,477 to £195,138. The directors propose raising the ordinary dividend to 1.25p (1.1p), and, in addition, a *special dividend of* 0.71p, to make a total of 1.96p

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THE PROPERTY MARKET BY MICHAEL CASSELL

A sober start for the 'palace of fun' at Piccadilly Circus

WITH OVER 100,000 people a week now streaming through the marble-clad malls of the Trocadero complex in Picadilly Circus, all eyes can focus on its future, rather than on the damaging delays and soaring costs which have dogged its development.

For months, the single biggest talking point surrounding one of London's most ambitious and exciting development challenges has been the impending and embarrassing court action between Electricity Supply Nominees, the scheme's owners, and Richard Ellis, their consultants on the project.

By March this year, with the opening of the two-acre entertainment and shopping complex running 18 months behind schedule and with construction costs reportedly doubling to over £40m, ESN was forced to confirm that it was suing Ellis over its involvement in Trocadero.

Both sides went out of their way to protest that the relationship between the two parties remained good and, indeed, Ellis have continued to act as consultants and are also joint letting agents with Healy and Baker.

The rights and wrongs of the matter cannot be discussed here but, now that the Trocadero is open for business, it is possible to concentrate on the merits of the scheme rather than merely on the miseries surrounding its conception.

The first thing to be said is that ESN must surely have hoped to have secured more tenants by the June 14 opening date. It decided, however, that it simply could not postpone the event any further if it was to take advantage of the tourist season.

Jonathan Strong, chief surveyor to ESN, makes the point that every one of the 30 shop units in the malls could have been let some time ago but that the developers have turned away many of the less desirable tenants who have flourished on the seamier side of Shaftesbury Avenue and instead stuck out for the best covenants.

The result of the strategy is that 13 units — accounting for about two-thirds of the 35,000 sq ft of retail floorspace — are let or under offer but that another 17 units are still looking for occupants. Apart from the obvious implications for rental income, the low level of revenues from service charges must be a major source of concern.

It is the high service charges demanded by the Trocadero's owners that have proved to be one of the biggest headaches. Air-conditioned shopping areas, trees and waterfalls need plenty of attention and the cost of providing security and full support systems for a centre open from 10.00 am until midnight on 364 days a year is a heavy one to bear.

ESN admits that the service charges are high but emphasises the benefits of both the trading hours and the trading environment. Unlike the rents, however, they are not negotiable as the owners have to rake in just over £1m a year to cover running costs — working out at somewhere over £6 a square .. .t lettable space.

Trocadero: seven-day-a-week shopping.

When Kennedy Brookes, the catering group, signed up last year for just over 50,000 sq ft of floorspace it revealed that the rent would be £430,000 a year and said it expected service charges to add another £360,000 a year to the bill. That estimate has apparently proved way over the top, but the bill will still be a big one.

Nevertheless, the catering operation has been pleased with the first few weeks trading and this week announced it was paying £2.7m for the adjoining London Pavilion development, which it intends to link into the Trocadero, where it now runs six theme restaurants.

As for retail rents, the agents are apparently achieving £75 a sq ft for zone A space fronting on to Coventry Street and around £40 a sq ft on the Shaftesbury Avenue side. Interior mall space is cheaper but rentals rise again on units close to the 80 ft, glass-roofed atrium at the heort of the development.

Several key tenants have already signed on the line, the latest of which is the Covent Garden General Store which will be taking 5,300 sq ft of floorspace. Other traders signed up include names like Athena, the poster people, the London Phone Company and HMV Records. Units under offer include a mix of fashion stores, but there are obvious gaps in the trading profile, with quality shoe retailers and jewellers still noticeable by their absence.

Perhaps the most disappointing aspect of ESN's brave adventure is the entertainment element of the centre. When the Trocadero project was first announced, there was talk of a Disneyworld-type palace of fun, with submarine rides to the Lost City of Atlantis, 60-ft-high cinema screens, ghost rides and a trip back to Dickensian London.

The reality today is rather different and even the central atrium has had 30 ft lopped off its height. About 80,000 sq ft of floorspace has been allocated for the entertainment of visitors, though the nature of the amusements is a lot less fanciful than those originally proposed.

Principal attraction is an impressive Guinness World of Records exhibition on the upper level but otherwise, in the words of one of the agents themselves, "it is looking a bit empty upstairs." The London Experience, a sound and vision presentation of London's history, is also expected to take space and a nightclub is planned to open in the autumn. Three other entertainment units remain empty.

So the verdict must be that, after a shaky start, the Trocadero is still trying to find its feet. The owners are delighted with a pedestrian traffic count showing that over 110,000 people walked through the development in its second week of opening.

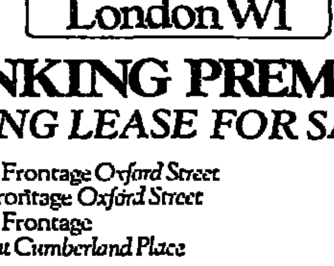
As a result, ESN claims that over 5m visitors a year can be expected to pass through the centre's doors, though they have to acknowledge that, when the summer weather and the curiosity value has gone, the figures could well fall. But the real question is not how many people pop in to admire an undeniably striking scheme but how many put their hands in their pockets to pull out their money.

Laing unveils £30m plan for Uxbridge

JOHN LAING Developments is to develop a £30m office and leisure complex on the site of the former Odeon cinema in High Street, Uxbridge. Outline permission has been granted for the project, to include about 150,000 sq ft of offices, two cinemas, squash courts and parking for over 300 vehicles. Donaldsons are sole letting agents.

The company has also won planning consent for a 38,000 office scheme at High Street, Redhill. Completion is due in early 1986 and Vigers are letting agents.

- Greycoat City Offices is to develop a 73,000 sq ft shopping centre in the centre of Stevenage. The £11m scheme will be carried out with Stevenage Borough council to provide 23 shop units, two stores and parking for 421 cars. Erdman Erdman are letting agents and development should be completed in early 1986.
- The Crown Estate Commissioners are to fund the first nine, acres of a 20-acre "high tech" development to be carried out opposite the Cambridge Science Park by Pine Developments of Maidenhead. The created investment value to the Estate will be about £9m. Drivers Jonas advised the Commissioners and, with Moss and Partners and Douglas January, will let the space.
- Hampton Trust has further extended its retail investment portfolio with the purchase for £1.33m of The Paddock shopping precinct at Handforth, Cheshire. Present income of £160,000 is expected to rise to over £200,000 in the next five years, taking the current net rental income of Hampton's UK properties to just over £1m. Their balance sheet value is £11.8m.
- Hill Samuel Property Trust has paid about £1.5m for the completed first phase of Airport Industrial Park, Aberdeen. Rental income is £117,000 a year. Drivers Jones acted for Westminster Property and Richard Ellis acted with Hill Samuel Property Management for the buyer.
- City & County Land, the retail property division of the Ladbroke group, has won consent for a 117,000 sq ft shops and office scheme next to the Bank of England in Birmingham. The company has exchanged contracts for the purchase of the site, for £3.65m, from joint owners Birmingham city council and Ravenseft, the Land Securities' subsidiary.
- The Department of the Environment is offering a £4.5m urban development grant towards the £27m cost of the 180,000 sq ft retail scheme to be developed by Wimpey Property in Bark Street, Bolton.



TECHNOLOGY

EDITED BY ALAN CANE

MOVING COMPUTER SIMULATION REVEALS BOTTLENECKS

Video games for ground planners

BY GEOFFREY CHARLISH

VISITORS at Istel's operational research division in Oxford are quite likely to find themselves seated in front of a keyboard and colour screen on which a computer game appears to be in progress.

Closer inspection shows it to be an electronic ground plan of "O'Tesbury's Supermarket" in which the little rectangular objects shooting around the screen are customers, not starships.

Istel sales manager Kerry Wilce can immediately show the effects of adding more check-outs, changing customer purchasing habits, using bar code laser scanning — or anything else connected with supermarkets. The queue lengths at the check-outs can be seen changing on the screen, in accelerated time.

Until recently, this kind of model could only be built by "computer people" using an Istel system called See Why. They needed Fortran programming ability.

Now, Istel, the information technology subsidiary of British Leyland, has launched Express. It is based on See Why, but allows executives with no computing knowledge to model any operation in which people or things are in motion and will form queues at various processing points.

In a matter of days, a complete beginner can simulate the operation of a new production line.

In a matter of days, a complete beginner can use the system to simulate the operation of say, a new production line, before a single penny is invested. Possible problems can be seen before implementation and potential crises can be introduced to assess their effect and determine the best responses. Layout and throughput characteristics can be modelled and "what if" experiments conducted to optimise the result.

The user starts with a grid pattern on an otherwise empty screen, yielding a positional reference of 80 elements horizontally by 40 vertically. He then fills in the details on a plain English question and answer basis, building up the model step by step in terms of both space and time.

Using a simple computer-aided design program, the user fills the grid with elements which, in a production plant for example, would represent machine tools, conveyors, robots, wash stations, metrology units and so on. He soon ends up with a two-dimensional model of the operation, with different colours and shapes for the machines, workpieces, storage areas and similar items.

For an airport terminal design—the system has been used by the British Airports Authority for the layout of the new Terminal 4—the screen would show aircraft docking bays, corridors, customs, passport control, check-in desks, with passengers en route between them all.

Via an information-providing and question/answer panel permanently visible at the top of the screen, Express can be used to describe flows of people or items within the work area. Also, production/processing rates, output targets, materials availability, manpower figures and anything else relevant to the operation can be keyed in. Data detracting from the operational performance are similarly entered, such as machine/equipment failure, materials shortages or absenteeism.

Having used the system to enter both visual and statistical data about the operation, the basic See Why program can be run. The user can decide, by manipulating the model using the keyboard, the most efficient layout by moving the fixed elements into various positions. At the same time, the model can be changed in terms of flow rates, process times, breakdowns, and so so on. Bottle necks and accumulations of work in progress are soon perceived.

There are a number of convenient graphical features. For example, the software will plot graphs of machine utilisation in a window on the screen that the user can position in an empty area on the ground plan. Other graphs can be called up similarly, giving a constant, quantitative analysis of the operations being animated on the remainder of the screen.

Such systems have already been used to plan the Austin Metro line at BL. Previously, planners were immersed in inches of computer read-out and physical scale models of the line. Another BL subsidiary, Multipart, saved about £0.25m in the construction of an automated warehouse in Lancashire for heavy commercial vehicle spare parts. Generally, months of work can be reduced to days.

Istel now has some 50 installations of See Why in the UK, 10 in North America and three in Europe, where operations have only been in progress since May. Most of the customers refuse to be named, but ICI, for example, was able to increase the throughput of a chemical plant in the Organics division at Grangemouth by 40 per cent. A large machine tool manufacturer is said to have saved £70,000 in designing a flexible manufacturing system.

Multipart saved £250,000 in the construction of an automated warehouse.

One of Istel's biggest customers turns out to be Ford Motor Company—an interesting sign that with its new independence and name (it used to be called BL Systems), Istel is not bound to go to BL first.

KODAK PUTS RENEWED EFFORTS INTO PHOTOCOPYING

Where copying shows initiative

BY ELAINE WILLIAMS

PHOTOCOPIERS are not instantly associated with the name Eastman Kodak but these machines have become a small but growing part of the photographic company's business.

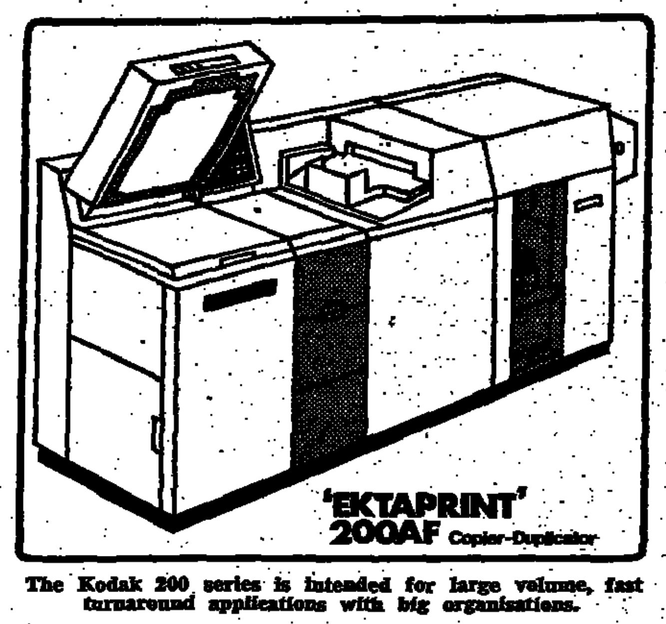
Kodak has selected the small, but highly profitable, top end of the photocopying market which is dominated by Rank Xerox and IBM. This sector concentrates on large quantities of copies produced at high speed and competes in some areas of the traditional printing industry. The size of the UK market, for example, is probably about 10,000 units a year.

Recently, Kodak launched the most sophisticated of its range of photocopying machines. This owes much to its expertise in microelectronics as to its knowledge in image processing.

The model 200 in the Ektachrome range contains three Intel microprocessors to control most of the machine's functions. One micro simply generates up to 250 plain English messages on a small display to guide the user, another handles size reduction and the third largest microprocessor controls everything from the fault diagnosis to image quality.

Some 4,200 copies an hour hurtle out of the machine which can automatically collate and staple copies. With a double paper tray, it can, for example, pick out coloured separating sheets from one tray and while photocopying plain sheets taken from a second tray. Suitably programmed, the 200 can combine these to form a document split into sections by the coloured sheets.

Collating is done within the machine and Kodak engineers have developed a novel recirculating paper feed to achieve this. If programmed to produce copies on both sides say, the feeder first counts the number of originals. It then decides the order in which sheets have to be photocopied.



The Kodak 200 series is intended for large volume, fast turnaround applications with big organisations.

The feeder has a vacuum system which consists of a metal bar with holes. This sucks each original into the correct position on the platen for photocopying.

The principle behind photocopying has not changed since the 1950s. Using a lens and focusing arrangement, the image to be copied is stored temporarily on the surface of a photosensitive drum. Tiny particles of ink attach themselves to the drum which becomes electrically charged when light falls upon it.

The ink covers those areas on the charged drum which has mirrored the pattern of the original, is then transferred to a plain sheet of paper as it passes over the drum. The ink is then fixed by heating and pressure.

In Kodak's machine, engineers have harnessed the power of the microprocessor to add several novel features. It has a function called "star" which pre-programmes the most popular jobs needed by a company. Then that sequence can be summoned by pressing a two-digit code and the star button.

Similarly, the machine can be security coded so that every operator has a unique code number. Up to 175 codes are possible. Limits on the number of copies allowed for a person can also be set, for example. Management statistics can be gathered for internal billing of departments.

Kodak only entered the UK market in 1981 and the 200 copier brings the total number of models to six. Kodak in the U.S. has hinted, however, that it may not be content to stay only at the top end of the market.

PHILIPS SUBSIDIARY LICENSES ITS TECHNOLOGY

Chip makers exchange knowhow

SIGNETICS, the U.S. semiconductor affiliate of Philips of the Netherlands, has signed a technology exchange agreement with Linear Technology, a California integrated circuit manufacturer, which the companies call the "start of a long-term co-operative effort."

For an undisclosed cash payment and royalties, Signetics has acquired the rights to manufacture Linear Technology's latest high performance linear integrated circuits, parts that are widely used in telecommunications, consumer and automotive products.

In addition, Signetics will supply Linear Technology with details of its "small outline" chip packaging technology which reduces the size of integrated circuits by a factor of 75 per cent — an important consideration in portable computers and many other consumer products.

Philips, Signetics' parent company, is also expected to make use of the technology acquired from Linear Technology. "We expect that the agreement could result in Philips becoming a major customer for Linear Technology's products," said Bob Swanson, president of Linear Technology.

LOUISE KEHOE

Financial

Banking automation

AVCO TRUST is to spend £4m on a computer system for online retail banking and computer finance at 100 of its branches. Already the company has had a pilot phase running at 10 of its branches.

The computer system is being supplied by Geac and will take five years to complete though at least 80 branches in the UK will be equipped by the end of this year.

Geac Computers, which specialises in financial systems will provide current, savings, deposits and a revolving line of credit accounts, and term deposit processing. This is linked into other software which gives general ledger and suspense accounting.

During the trial phase it has added mortgage and loan software plus interfaces from the main computer system of automated teller machines and the Bankers Automated Clearing Services.

Telephones

Cost call monitor

MITEL has introduced a cost call monitor and control system for users of medium and small size private automatic branch exchanges (PABX). Called Dart, the system stores information in summary form for each extension or exchange line on the telephone system.

Data held by the system includes the number of the extension, the time of the call, the date, duration of the conversation, the number dialled and the cost of the call. Mitel says that savings of up to 30 per cent can be achieved. More details from the company on 0291 423355.

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SECTION III – INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday July 27 1984

More grain sales to Soviets likely, Page 30

WALL STREET

Response to Fed remains favourable

A MORE considered view of Mr Paul Volcker's midyear testimony before the Senate was taken yesterday, and Wall Street remained favourably impressed, *writes Terry Byland in New York.*

Confirmation that the Federal Reserve has not tightened credit policies, together with the moderate tone of Mr Volcker's comments on budgetary and other pressures, convinced the bond market that interest rates will not rise, and indeed may fall in the run-up to the presidential election in November.

The bond market, after a quiet start, extended its gains by another full point or so, with the key long bond of 2014 well above the 103 mark at midsession. Short-term rates eased slightly, although federal funds were firm again at 11¼ per cent.

The stock market remained wary of Mr Volcker's reminder that the pace of the economy might slow down in the second half of the year. However, the lure of lower interest rates – yields at the long end of the bond market, within a whisker of 14 per cent recently, are now comfortably below 13 per cent – drew the buyers back in.

At first, it was the blue chips which attracted attention, but the advance later spread over the broader range of the market.

Hints of an impending fall in oil prices – and even of a breakdown of Opec – spurred leading stocks ahead towards the close. The Dow Jones industrial average ended with a net gain of 10.60 points at 1,107.55. Turnover increased to 91.2m stocks.

Turnover was unexciting, but the turn in the bond market has provided stocks with an undertow of confidence. Once again, it was the blue chips which saw the buying.

The resolution of the Continental Illinois failure added to the mood of caution, but it will also lift a burden of uncertainty from the stock market. Stock in Continental Illinois improved $⅝ to $3⅝ as professional traders assessed the details of the settlement by the Federal Deposit Insurance Corporation.

Despite the slide in spot prices, the major oil producer stocks held steady. Standard Ohio improved $1½ to $45⅞, on the board's decision to buy in shares at $47.50 apiece. Exxon was $¼ better at $41⅝, but Phillips Petroleum at $35⅞ shed $⅛ after the profits statement.

Among a sprinkling of special features, Commodore International, the personal computer manufacturer, stood out with a dip of $1⅝ to $18⅞. Reports that Mr Jack Tramiel – former sales driving force at Commodore and now the owner of Atari, the ex-Warner Communications subsidiary – plans to undercut Commodore's prices during the all-important Christmas season brought a breeze of sellers.

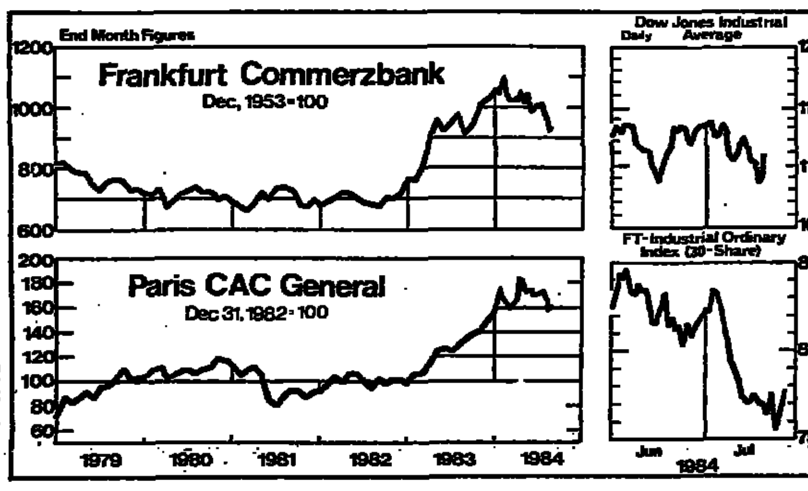
The banking sector saw Harris Bankcorp jump $7⅛ to $80⅜ after receiving official approval for its merger into Bank of Montreal. Chase Manhattan, unsettled recently by the dilution involved in the acquisition of First Lincoln Banks, eased $¼ to $36¾.

There was some buying of the Bell regional telephone companies, encouraged by Ameritech's purchase of some of its own stock. AT&T itself added $⅛ to $18¼.

The bond market slackened in the second half of the session but gains of more than three quarters of a point remained. Buying interest shifted towards the middle of the range, where the 1989 and 1994 issues moved smartly higher. For some months, buyers have been unwilling to take issues with maturities stretching beyond four years.

The key long bond, the 13¼ per cent of 2014, traded at 103 [illegible]/32, a gain of just under one full point. At the short end, Treasury bill rates were up to eight basis points lower, and money market rates dipped by five to 10 basis points. However, traders expect short rates to move higher, in accord with the Fed's apparent wish to see the federal funds rate remain above 11 per cent.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	July 26	Previous	Year ago
DJ Industrials	1,107.55	1,096.95	1,243.69
DJ Transport	456.83	444.03	586.7
DJ Utilities	124.23	123.99	132.9
S&P Composite	150.07	148.83	170.35
LONDON			
FT Ind Ord	777.5	770.2	721.4
FT-SE 100	999.1	996.2	961.2
FT-A All-share	470.61	466.78	451.03
FT-A 500	506.95	502.88	490.76
FT Gold mines	514.0	494.2	661.6
FT-A Long gilt	11.20	11.29	10.87
TOKYO			
Nikkei-Dow	9,932.18	9,800.11	9,005.48
Tokyo SE	760.4	752.23	665.68
AUSTRALIA			
All Ord.	682.5	671.4	678.1
Metals & Mins.	418.2	406.2	602.4
AUSTRIA			
Credit Aktien	53.58	53.42	55.48
BELGIUM			
Belgian SE	141.4	140.72	130.91
CANADA	July 26	Prev.	Yr ago
Toronto Metals & Minls	1,680.86	1,641.2	—
Composite	2,126.01	2,095.4	2,515.4
Montreal Portfolio	103.52	101.66	124.6
DENMARK			
Copenhagen SE	185.48	185.32	163.47
FRANCE			
CAC Gen	160.3	159.4	129.9
Ind. Tendance	103.4	102.4	81.8
WEST GERMANY			
FAZ-Aktien	321.09	317.17	330.47
Commerzbank	932.3	917.7	976.7
HONG KONG			
Hang Seng	763.07	758.48	1,097.96
ITALY			
Banca Comm.	206.42	206.42	198.72
NETHERLANDS			
ANP-CBS Gen	149.3	146.9	139.7
ANP-CBS Ind	121.3	119.1	112.9
NORWAY			
Oslo SE	247.7	245.02	198.3
SINGAPORE			
Straits Times	891.02	870.89	936.8
SOUTH AFRICA			
Golds	899.0	871.9	921.0
Industrials	926.3	929.1	915.7
SPAIN			
Madrid SE	129.83	128.77	120.26
SWEDEN			
J & P	1,476.81	1,467.28	1,408.51
SWITZERLAND			
Swiss Bank Ind	355.6	354.5	340.2
WORLD	July 25	Prev	Year ago
Capital Int'l	165.8	164.6	181.0

GOLD (per ounce)

	July 26	Prev
London	$343.375	$343.25
Frankfurt	$344.25	$342.75
Zürich	$343.875	$343.50
Paris (fixing)	$345.03	$341.39
Luxembourg (fixing)	$345.75	$337.35
New York (July)	$333.70	$343.60

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR July 26	U.S. DOLLAR Previous	STERLING July 26	STERLING Previous
$	–	–	1.331	1.3325
DM	2.846	2.8535	3.7875	3.8025
Yen	243.7	245.45	324.0	327.0
FFr	8.74	8.755	11.635	11.665
SwFr	2.427	2.431	3.23	3.24
Guilder	3.2145	3.222	4.2775	4.2925
Lira	1751.0	1750.5	2330.0	2332.0
BFr	57.575	57.625	76.6	76.8
C$	1.31355	1.31275	1.7485	1.7505

INTEREST RATES

	July 26	Prev
Euro-currencies (3-month offered rate)		
£	12⅛	12 13/16
SwFr	4⅞	4⅞
DM	5 13/16	5⅞
FFr	12	12⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	11 [illegible]/16	12
6-month U.S.$	12⅜	12 [illegible]/16
U.S. Fed Funds	11 [illegible]/16	11 1/16
U.S. 3-month CDs	11.30	11.45
U.S. 3-month T-bills	10.24	10.26

U.S BONDS

Treasury		July 26* Price	July 26* Yield	Prev Price	Prev Yield
12	1986	100 [illegible]/32	12.57	99 [illegible]/32	12.69
13¾	1991	103 [illegible]/32	12.92	103 [illegible]/32	13.04
13⅛	1994	101 [illegible]/32	12.93	100 [illegible]/32	13.07
13¼	2014	103 [illegible]/32	12.84	102 [illegible]/32	12.93

Corporate	July 26* Price	July 26* Yield	Prev Price	Prev Yield
AT & T				
10⅜ June 1990	88¾	13.20	88¾	13.20
3⅞ July 1990	70⅝	10.70	70⅝	10.70
8¾ May 2000	69⅝	13.45	69⅝	13.45
Xerox				
10⅞ March 1993	85⅞	13.45	85⅞	13.45
Diamond Shamrock				
10⅝ May 1993	85¼	13.55	85¼	13.55
Federated Dept Stores				
10⅜ May 2013	78.579	13.60	78.579	13.60
Abbot Lab				
11.80 Feb 2013	87.00	13.60	87.00	13.60
Alcoa				
12¼ Dec 2012	87¾	14.00	87¾	14.00

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	64–19	64–27	63–28	64–07
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	89.58	89.66	89.52	89.57
Certificates of Deposit (IMM) $1m points of 100%				
Sept	88.60	88.69	88.31	88.40
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	88.31	88.37	88.20	88.20
20-year Notional Gilt £50,000 32nds of 100%				
Sept	99–18	100–10	99–10	99–12

COMMODITIES

(London)	July 26	Prev
Silver (spot fixing)	543.05p	543.75p
Copper (cash)	£1,019.50	£1,019.00
Coffee (July)	£2,188.50	£2,206.50
Oil (spot Arabian light)	$26.95	$27.05

LONDON

Wide benefit drawn from good demand

INVESTMENT activity revived noticeably in London markets yesterday as pressures for higher transatlantic interest rates eased. Gilt-edged stocks and leading industrial shares benefited from the increased demand, although neither sector was able to hold the session's highest levels.

Long gilts achieved gains stretching to a point before softening to close a maximum ¾ up. Shorter maturities recorded rises extending to ⅜, and selected index-linked issues were also better.

Among equities, institutional investors concentrated on blue chip issues, but ICL provided a major sideshow. It settled 23p up at 84p on the bid from STC, which dropped 28 to 276p.

ICI's interim statement found favour, and it put on 4p to 542p. The FT Industrial Ordinary index added 7.3 at 777.5. Announcement of last month's trade figures made scant impression on sentiment in the after-hours and trade.

Chief price changes, Page 24; Details, Page 25; Share information service, Pages 26–27

SINGAPORE

BLUE CHIPS joined speculative issues in a Singapore rally which was seen as the strongest for some months but which gave rise to fears among local operators that the factors underpinning it were insufficiently substantial.

The Straits Times index leapt 20.13 to 891.02, and volume came close to double the previous day's level. Activity remained concentrated, however, on recent high-fliers such as Pan-Electric – again leader although stabilising at S$3.06 as speculation grew that a major stake was being built up.

North Borneo Timber, a prospective takeover target, surged 33 cents to S$2.60 for a three-day advance of 65 cents.

AUSTRALIA

A DIP in the domestic inflation rate to an 11-year low, along with stronger commodity values for metals, made for a buoyant Sydney session, with gains extending, across the board.

BHP rose 20 cents to A$9.74 ahead of earnings figures due today. Central Norseman put on 30 cents to A$4.30, and CRA 18 cents to A$4.70. Santos, against the trend, shed 4 cents at A$5.60.

Nicholas Kiwi eased 2 cents to A$4.18, compared with the A$4 a share bid by Castlemaine Tooheys, which added 10 cents to A$4.28.

HONG KONG

EARLY strength in Hong Kong was pared back as selling orders from London institutions were reported to have accompanied the arrival there of Sir Geoffrey Howe, the British Foreign Secretary. His statement came after the day's close.

Bank of East Asia held at HK$19 on its barely improved results, while the capital reshape set in train by Regal Hotels brought it a 3½-cent jump to 30 cents.

SOUTH AFRICA

STRENGTH in Johannesburg was confined almost entirely to the gold boards, and even there the response to better bullion values remained muted.

Randfontein managed a R4.50 gain to R163.50, and Zandpan stood out with a R1 rise to R16.50, while among the mining houses Anglo-American put on 40 cents to R21.25, but Gold Fields of SA was unaltered at R23.75.

De Beers slipped 5 cents to R8.45, as did Barlow Rand at R11.75.

CANADA

A GOOD flow of quarterly earnings reports aided Toronto sentiment, with gains fairly evenly distributed among the resource and other sectors.

Banks were in greatest favour in Montreal, although moderate advances also extended to industrials and utilities.

TOKYO

Blue chips regain their bounce

SPURRED by Mr Paul Volcker's Congressional testimony overnight that the Fed will not tighten its credit grip, the Tokyo equity market showed a blue-chip-led rally yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average surged close to the 10,000 level, closing at 9,932.18, a sizeable gain of 132.07. Volume strengthened to 323.93m shares from 277.6m. Advances far outpaced declines 483 to 209, with 146 issues unchanged.

The rally on Wall Street, following Mr Volcker's remarks, underpinned the enthusiasm in Tokyo which took blue chips sharply higher on light purchases.

Fuji Photo Film advanced Y60 to Y1,550, Matsushita Electric Industrial Y50 to Y1,540, Honda Motor Y50 to Y1,150, TDK Y38 to Y5,100, Kyocera Y190 to Y5,970 and Fanuc Y150 to Y7,950.

Although the Nikkei-Dow shot up, turnover of blue chips was relatively weak at 920,000 shares for Matsushita, 480,000 for Fuji Photo and 1.82m for NEC. Volume of Hitachi was strong, though, at 4.07m shares.

Transactions continued to centre on incentive-backed speculatives, with Norinaga topping the list of actives with 21.02m shares, up Y30 to Y522, followed by Yuasa Battery with 17.74m, up Y7 to Y456, and Shinko Electric with 15.67m, up Y56 to Y284. The fourth largest was Asahi Chemical with 11.58m shares, Y4 ahead at Y600.

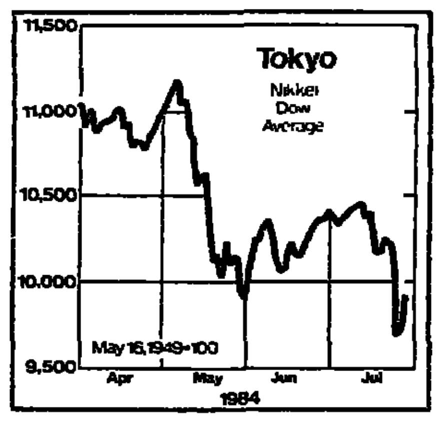
Seika Sangyo scored a maximum allowable daily gain of Y80 to Y361 on investor appreciation of its effort to standardise personal computer software.

Reflecting the persistent popularity of biotechnology issues, Wakamoto Pharmaceutical climbed Y100 to Y779, and Kokkoman Y33 to Y558. Conversely, Chugokukogyo dropped Y30 to Y86, and General Corp Y62 to Y385 on rumours – denied by the two companies – of funding difficulties.

The persistent popularity of incentive-backed speculative issues apparently reflected investor concern over the market outlook. One major securities company described yesterday's rally as a technical correction of the recent plunge.

The bond market also firmed, encouraged by a sharp rise in long-term U.S. bond prices. This led city, regional and other banks to issue sell orders worth an estimated Y150bn to Y200bn, most of which were bought by major brokerage houses.

The yield on the benchmark 7.5 per cent government bond, due in January 1993, fell to 7.45 per cent at a stroke from 7.5 per cent.



EUROPE

Unanimity starts to be restored

A MEASURE of unanimity re-emerged among continental European centres yesterday as investors demonstrated that they had been told what they wanted to hear by Mr Paul Volcker in his congressional testimony on Wednesday.

The weaker dollar and, more important, a reassessment of the likely course of interest rates, brought buyers back to the bourses.

The markets, where trading had already been depleted by the holiday season, had in many cases been suffering from low turnover with many investors still judging it safest to stay on the sidelines.

In **Frankfurt**, renewed foreign buying provided the impetus for an early rally, and much of the advance was sustained throughout the session.

The Commerzbank index, at 932.3, registered 5.6 points above the 10-month low seen at the previous day's calculation.

Banks were uniformly firmer with Deutsche DM 5 higher at DM 313 after a high of DM 313.50, while Dresdner added DM 3 to DM 143 and Commerzbank DM 5.40 to DM 144 – both highs for the day.

Siemens shook off its recent downward trend, adding DM 5.30 to DM 359.80. AEG-Telefunken registered one of the largest proportionate gains of the day, up DM 4.50 – or 5.5 per cent – to DM 86.

A rare weak spot was Linde, in engineerings, which shed 50 pfg to DM 342 following the announcement that it is to take over parts of the troubled French fork lift truck maker, Fenwick-Manutention.

Bonds firmed, and the Bundesbank sold DM 37.6m of paper to balance the market, compared with DM 7.1m in the previous session.

A strong advance was seen in **Amsterdam** where the ANP-CBS General index added 2.4 to 149.3. Early foreign demand was not, however, sustained.

KLM added 70 cents to Fl 159.20 on further consideration of its expectations of improved profits this year and the possibility of its first dividend since 1978.

Bonds showed a general rise with state loans increasing around 30 basis points.

Paris continued on its firmer tack, and the Indicateur de Tendence added 1.0 to 103.4.

Electricals and foods were among the firmest sectors. But in oils, trading in Esso was temporarily suspended at one stage due to insufficient buying orders, and the stock closed down FFr 49 at FFr 620.

Zurich closed steady in moderately active trading. Major banks were little changed despite their recent, favourable interim statements. Bank Leu was unchanged at SwFr 3,400 as it announced "good" results for the first half.

Bonds were steady to firmer.

A small recovery was seen in **Brussels** despite overriding concern about the country's budget deficit and debt.

Market leader Petrofina, which announced improved interim results, firmed BFr 40 to BFr 6,590.

Stockholm and **Copenhagen** were both ahead on the day, as was **Madrid**. However, **Milan** ended narrowly mixed in thin, technical trading.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
21	13¾	AAR	.44	2.1	21	90	22⅝	20½	27½	
22	13¾	AMCA	n	1.7	1	2	14	14	14	+ ⅛
18⅝	13⅝	AMF	.50	3.3	38	149	15¼	15	15⅛	+ ⅛
41⅞	24⅛	AMR Cp			4	13312	26⅛	25⅛	26⅛	+ 1⅛
20⅝	17⅞	AMR	pf2.18	11		15	19⅞	19⅞	19⅞	
41½	27½	AMR	pf2.13	7.2		1195	29⅞	28⅞	29½	+ 1¼
25½	23	ANR	pf2.67	12		6	23⅛	23⅛	23⅛	
22⅞	19½	ANR	pf2.12	10.		1	20⅝	20⅝	20⅝	
16⅝	9⅛	APL			3	84	9⅞	9	9	− ⅛
55⅞	40⅛	ARA	2.10	4.1	10	1459	52⅛	51⅛	51½	− ½
72⅞	44⅞	ASA	3a	6.5		729	48½	45½	46⅝	− 1½
30⅛	16½	AVX	.32	1.7	12	158	18⅞	17⅞	18⅛	− 1⅛
53⅞	38⅛	AbtLab	1.20	2.8	14	2253	43⅝	42⅛	43½	− 1⅛
30⅛	23⅞	AccoWd	.60	2.1	18	276	29⅛	28⅞	29	− ⅛
27⅛	12⅞	AcmeC	.40	3.1		75	13⅛	d12½	12⅞	− ⅛
12⅛	8⅛	AcmeE	.32b	3.7	24	35	8⅞	8½	8⅝	
24⅞	11	AdmDg	.04	.3	7	8	12⅞	12⅞	12½	+ ⅛
18⅛	15	AdaEx	2.11e	14		68	15⅝	15⅛	15½	
19⅛	12½	AdmMl	.28	2.2	13	30	12⅞	d12⅞	12⅞	− ⅛
22	13½	AdvSys	.811	5.4	15	80	15⅞	14⅞	15	+ ⅛
18	7½	Adwest	.12	1.4	11	38	8⅞	8⅝	8⅞	+ ⅛
37½	25⅛	AMD	s		16	3981	28⅞	27⅛	28⅛	+ 1⅛
22½	9⅞	Aeroflex			10	140	10⅝	10	10⅛	− ½
39	27⅛	AetnLf	2.64	8.9	16	1289	29⅞	28⅞	29⅝	+ ½
58⅞	54	AetL	pf5.48e	10		110	55⅛	54⅞	54⅞	− ⅛
34½	15⅞	Ahmns	1.20	5.9	5	1988	20⅞	19⅞	20⅛	+ ⅛
7⅞	2⅞	Aileen				54	3⅛	3	3	+ ⅛

[illegible]

Continued on Page 23

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
3¾	1⅛	AICPh				1	1⅛	1⅛	1⅛	
15¾	8⅞	ALLab	n		11	25	8½	d8½	8½	−⅛
6⅝	2⅞	vjAMIn				73	2⅞	2⅞	2⅞	−⅛
4⅝	¾	ATI				14	⅞	13-16	⅞	
64⅞	58	ATTFd	n3.68e	5.7		99	u65⅛	64½	64½	
8⅝	2⅞	AcmePr				20	2⅞	2⅞	2⅞	
19⅞	10½	AcmeUn	.32	3.0	11	10	10⅝	10⅝	10⅝	+⅛
16⅞	9⅝	Action			9	254	14⅛	13⅞	14	
8½	5½	Actons				18	6⅞	6¼	6¼	
4⅝	1⅛	Acton	wt			15	1	d1	1	−⅛
5⅞	2¼	AdmRs			5	20	2⅞	2⅞	2⅞	
28½	15⅞	AdRusl	s.10	.5	16	173	18⅞	18⅞	18⅞	−⅛
38⅞	15⅞	Adobe	.24	1.4	12	36	17⅛	16⅞	17⅛	+⅛
6⅞	3⅞	AegisCp			15	10	5⅞	5⅛	5⅞	
6⅞	4	Aeronca			7	57	5⅞	4⅞	5⅛	+⅛
29⅞	18⅞	AffHsp	.44	2.1	8	54	20½	20½	20½	+⅛
47	38⅞	AffPub	.80	1.9	13	27	43	42½	42½	−⅞
17⅛	9⅝	AirSic	.12e	.8	10	58	14⅛	14⅛	14⅛	
14⅞	5⅞	AirExp			27	84	7	6⅞	7	+⅛
5⅞	3⅞	Alamco			7	48	4	3⅞	3⅞	
20	8⅞	AlbaW	.20a	2.3	5	44	9	d8⅝	8⅝	−⅛
22⅞	12¾	Alphaln	.05	.4	17	28	13⅞	13½	13⅞	+⅛
2⅛	⅛	Altex				123	⅞	⅛	⅛	
35	28⅞	Alcoa	p3.75	13.		z300	30⅛	29⅞	29⅞	−⅛
32⅞	11	AlzaCp			39	87	11⅝	11½	11⅝	+⅛
26⅛	8½	Amdahl	.20	2.1	11	1913	9⅝	9⅝	9⅝	
23	10⅞	Amedco	.08	1.0	9	852	8⅞	d7⅞	8⅛	−2⅛
7⅞	4⅞	AmBlt	.15	3.0	9	5	5	5	5	
9⅞	2⅞	AmCap				21	5½	5⅛	5½	
39	30	AContrl	.92	2.5	10	3	36⅛	36⅛	36⅛	−⅛
38⅛	12⅛	AExp	wt			111	14	13	13⅞	+1
9⅞	4⅞	Alsrael				68	4⅞	d4	4⅞	−⅛
18⅞	14¼	AMzeA	.52	3.0	7	26	17½	16⅞	17½	
17⅞	14⅞	AMzeB	.52	3.3	7	4	16	15⅞	16	
13½	½	AMBld	v			123	⅛	⅛	⅛	
[illegible]										

B–B–B [illegible]

C–C–C [illegible]

D–D–D [illegible]

E–E–E [illegible]

F–F–F [illegible]

G–G–G [illegible]

H–H–H [illegible]

I–I–I [illegible]

J–J–J [illegible]

K–K–K [illegible]

L–L–L [illegible]

M–M–M [illegible]

N–N–N [illegible]

O–O–O [illegible]

P–Q [illegible]

R–R–R [illegible]

S–S–S [illegible]

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

R–R–R [illegible]

S–S–S [illegible]

T–T–T [illegible]

U–U–U [illegible]

V–V–V [illegible]

W–W–W [illegible]

X–Y–Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
37	19	XTRA		3.3	8	41	19⅞	19⅞	19⅞	+⅛
34	24	ZaleCp	1.26	4.8	9	58	26⅛	26½	26½	−⅛
24⅞	16⅛	Zapata	.84	5.1	10	3419	16⅞	16⅞	16½	−⅛
47½	28⅛	Zayre	.40	1.1	11	146	37	36⅛	36⅛	
39⅞	20	ZenithE			8	654	22⅛	21⅞	22⅛	+1⅛
27⅞	18	Zero	s.36	1.8	15	17	20⅛	20⅛	20⅛	−⅛
34	21⅞	Zurnln	1.32	5.6	12	15	23⅞	23⅞	23⅞	−⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a—dividend also extra(s). b—annual rate of dividend plus stock dividend. c—liquidating dividend. cld—called. d—new yearly low. e—dividend declared or paid in preceding 12 months. g—dividend in Canadian funds, subject to 15% non-residence tax. i—dividend declared after split-up or stock dividend. j—dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k—dividend declared or paid this year, an accumulative issue with dividends in arrears. n—new issue in the past 52 weeks. The high-low range begins with the start of trading. nd—next day delivery. P/E—price-earnings ratio. r—dividend declared or paid in preceding 12 months, plus stock dividend. s—stock split. Dividends begins with date of split. sls—sales. t—dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u—new yearly high. v—trading halted. vi—in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd—when distributed. wi—when issued. ww—with warrants. x—ex-dividend or ex-rights. xdis—ex-distribution. xw—without warrants. y—ex-dividend and sales in full. yld—yield. z—sales in full.

WORLD STOCK MARKETS

AUSTRIA

July 26	Price Sch%	+ or —
Creditanstalt	208	+2
Goesser	325	+4
Interunfall	400	+2
Laenderbank	206	—1
Perlmooser	347	—2
Steyr-Dimlera	140	—1
Veitscher Mag	214	—1

BELGIUM/LUXEMBOURG

July 26	Price Frs.	+ or —
ARBED	1,412	+12
Banq Int A Lux	5,050	
Bekaert B	3,800	
Ciment CBR	2,320	—5
Cockerill	258	+12
Delhaize	4,890	+40
EBES	2,455	+15
Electrobel	6,780	+80
Fabrique Nat	1,825	...
GB Inno BM	3,080	—20
GBL (Brux)	2,120	
Gevaert	3,065	+10
Hoboken	4,960	
Intercom	1,895	+20
Kredietbank	6,840	—10
Pan Hldgs.	89,50	—350
Petrofina	6,690	+40
Royale Belge	9,310	
Soc. Gen. Banq	2,905	—45
Soc. Gen. Belge	1,630	+10
Sofina	6,110	+70
Solvay	3,650	+10
Tractionel	3,440	+25
UCB	4,345	—105
Vieille Mont	3,960	+50

DENMARK

July 26	Price Knr %	+ or —
Aarhus Olie	450	
Andelsbanken	225xd	+5
Baltic Skand	690	
CopHandelsbank	242	+2
D. Sukkerfab	640	
Danske Bank	234	...
East Asiatic	203	+2
Forenede Brygg.	935	...
Forenede Damp.	113xr	
GNT Hldg.	475	
I.S.S.B.	548	
Jyske Bank	470	—4
Novo Ind	2,165	
Privatbanken	215	+3
Provinsbanken	296	+3
Smidth (F)	219	+2
Sophus Berend.	960	...
Superfos	457	+2

FRANCE

July 26	Price Frs.	+ or —
Emprunt 4½% 1973	1,718	—2
Emprunt 7% 1973	9,130	+29
CNE 3%	3,585	+45
Air Liquide	508	+2
BIC	400	+22.5
Bouygues	560	—11
BSN Gervais	2,455	+5
CIT-Alcatel	1,035	—10
Carrefour	1,380	+25
Club Mediter'n	855	—1
CFAO	597	+7
Cie Bancaire	503	+7
Cofimeg	227	—1
Darty	927	+2
Dumez S.A.	690	—11
Eaux (Cie Gen)	495	+6
Elf-Aquitaine	205	+3.4
Gen. Occidentale	631	—21
Imetal	74.3	+1.3
Lafarge Coppee	309	—0.4
L'Oreal	2,270	+50
Legrand	1,841	
Maisons Phenix	202	+3
Matra S.A	1,351	
Michelin B	778	+23
Midi (Cie)	1,565	—4
Moet-Hennessy	1,609	+20
Moulinex	96.4	—0.6
Nord Est	44.5	—0.5
Pernod Ricard	764	+9
Perrier	495.5	+5.5
Petroles Fra.	233.5	+0.5
Peugeot S.A	195.5	+7.5
Poclain	43.8	—0.2
Printemps Au	136	+2.7
Radiotech	262	+1
Redoute	1,032	+6
Roussel-Uclaf	1,261	—8
Sefimeg	239	—1
Skis Rossignol	1,220	+25
Telemech Elect	1,550	+5
Thompson (CSF)	292	+13
Valeo	215	+1

GERMANY

July 26	Price Dm.	+ or —
AEG-Telef	86	—4.5
Allianz Vers	731	+6
BASF	151	+2 6
Bayer	155.8	+3
Bayer-Hypo	251	+3.5
Bayer-Verein	291	+4
BHF-Bank	236	+14
BMW	358.5	—3.8
Brown Boveri	198	
Commerzbank	144	+5.4
Cont'l. Gummi	112	+3.6
Daimler-Benz	526	+7.5
Degussa	341	+1.5
D'sche Babcoc	139	+2.5
Deutsche Bank	313	+5
Dresdner Bankk	143	+3
GHH	127.5	+1
Hochtief	450xd	
Hoechst	162.8	+4.8
Hoesch Werke	93	+1.5
Holzmann (P)	415	+5
Horten	154	—3
Kali und Salz	211	+2.5
Karstadt	224xd	+2.5
Kaufhof	199	+11
KHD	217	+5
Kloeckner	53.5	—1
Krupp	77	...
Linde	342	—0.5
Lufthansa	138.5	+3.5
MAN	127	+2.5
Mannesmann	135.9	+2.9
Mercedes Hld	450	+1
Metallgesell	211	+2
Muench Rueck	910	
Preussag	220.5	+4
Rhein West Elect	156	+3·2
Rosenthal	228	
Schering	327	+5
Siemens	359.8	+5.3
Thyssen	71	+1.2
Varta	160.8	—1.4
Veba	164	+4.5
V.E.W	111.5	+3
Verein-West	286	
Volkswagen	171.5	+5

ITALY

July 26	Price Lire	+ or —
Banca Com'le	16,900	+140
Bastogi-IRBS	135	+3
Centrale	2,077	—28
Credito Varesino	3,970	—5
Fiat	5,995	+5
Finsider	35	+0.25
Generali Assicur	33,650	+120
Invest	2,910	+10
Italcementi	47,200	—450
Montedison	1,123	
Olivetti	5,315	+18
Pirelli Co	2,949	+69
Pirelli Spa	1,637	+8
Snia BPD	1,550	+5
Toro Assic	10,750	—60
do. Pref	8,480	—30

NETHERLANDS

July 26	Price Fls	+ or —
ACF Holding	156	+2
AEGON	115	+6.5
Ahold	177	+6.5
AKZO	82.4	+3.7
ABN	300	+8
AMEV	148.3	+6.3
AMRO	53.8	+1.5
Bredero Cert	174	+5
Bos Kalis Westm.	28.7	...
Buehrmann-Tet	63.5	+0.3
Calland Hldgs	35.5	+0.3
Credit Lyon'is Bk	44.1	
Elsevier-NDU	84.5	+1.3
Gist. Brocades	138	+2.5
Heineken	123.5	+2.8
Hoogovens	45.6	+2.4
Hunter Douglas	27.0	+0.5
Int Mueller	34	+0.4
KLM	159.2	+0.7
Naarden	35.9	+1.8
Nat Ned Cert	203	+5.4
Ned. Credit Bank	40	...
Ned Mid Bank	127	+3.2
Nedlloyd	101.5	
Oce Grinten	226	+6
Ommeren (Van)	25.7	+0.6
Pakhoed	57	+0.5
Philips	43.6	+1.5
Rijn-Schelde	2.8	...
Robeco	59	+0.7
Rodamco	130.7	—0.1
Rolinco	54.7	...
Rorento	199.9	+1
Royal Dutch	140.7	...
Unilever	252	+3
VMF Stork	120.3	+5.3
VNU	147	+3
West Utr Bank	77.5	+4.5

NORWAY

July 26	Price Kroner	+ or —
Bergen Bank	151	—1
Borregaard	258	—8
Christiania Bk.	155	...
Den Norsk Cedit	152	+2
Elkem	133	+13
Norsk Data	268	+5
Norsk Hydro	585	+10
Storebrand	202	—2.5

SPAIN

July 26	Price Pta%	+ or —
Bco Bilbao	347	...
Bco Central	345	+2
Bco Exterior	208	+1
Bco Hispano	251	+1
Bco Santander	336	+1
Bco Vizcaya	396	+3
Dragados	157	+2
Hidrola	56.5	+1.8
Iberduero	63	+0.3
Petroleos	137	+3.5
Telefonica	82.7	+1.5

SWEDEN

July 26	Price Kronor	+ or —
AGA	360	
Alfa-Laval	231	
ASEA (Free)	327	—3
Astra (Free)	375	—5
Atlas Copco	123	—1
Boliden	380	+7
Cardo (Free)	316	+4
Cellulosa	138	+1
Electrolux B	250	+1
Ericsson	315	+4
Esselte	286	—9
Mo Och Domsjo	375xa	
Pharmacia	275	
Saab-Scania	413	+3
Sandvik	405	+5
Skandia	357	+2
Skan Enskilda	311	—1
SKF	186	+1
St. Kopparbergs	725	
Sven Handelsbn.	181	
Swedish Match	229	+3
Volvo B (Free)	254	+2

SWITZERLAND

July 26	Price Frs.	+ or —
Alusuisse	660	...
Bank Leu	3,400	
Brown Boveri	1,250	—5
Ciba Geigy	2,185	+20
do. (Part Certs)	1,710	+5
Credit Suisse	2,050	—5
Elektrowatt	2,290	—30
Fischer (Geo.)	600	
Genevoise	3,400	
Hoff-Roche PtCts	90,500	+500
Hoff-Roche 1/10	9,050xr	+50
Jacobs Suchard	5,775	—50
Jelmoli	1,740	+30
Landis & Gyr	1,350	
Nestle	5,020	+40
Oer-Buehrle	1,056	+5
Pirelli	250	
Sandoz (Br)	6,775	+50
Sandoz (PtCts)	995	+11
Schindler (PtCts)	552	
Swissair	900	—3
Swiss Bank	310	—2
Swiss Reinsce	7,100	
Swiss Volksbk	1,330	+10
Union Bank	3,150	—5
Winterthur	2,770	
Zurich Ins	16,750	

AUSTRALIA

July 26	Price Aust $	+ or —
ANZ Group	4.60xr	+0.1
Acrow Aust	1.55	
Alliance Oil D.	0.66	+0.01
Ampol Pet.	1.60	+0.05
Aust Cons Ind	1.83	+0.01
Aust. Guarant	2.75	+0.05
Aust. Nat. Inds	2.20	+0.05
Aust. Paper	2.20	+0.02
Bell Group	4.10	
Bond Corp Hldgs	1.45	+0.07
Boral	3.48	+0.06
B'ville Copper	1.55	+0.09
Brambles Inds	3.05	+0.06
Bridge Oil	2.40	+0.01
BHP	9.74	+0.2
CRA	4.70	+0.18
CSR	3.12	+0.02
Carlton Utd	4.30	
Castlemaine Tys.	4.28	+0.1
Coles (G.J.)	3.78	+0.05
Comalco "A"	2.38	+0.05
Consolidated Pet	0.48	+0.04
Costain Aust	1.40	
Dunlop Aust	1.66	+0.01
E.Z. Inds	6.04	+0.02
Elders IXL	3.82	+0.02
Energy Res	1.58	+0.06

AUSTRALIA (continued)

July 26	Price Aust. $	+ or —
Gen Prop Trust	2.14	—0.01
Hardie (J.)	3.00	—0.05
Hartogen Energy	2.00	
Herald W'y Times	3.55	+0.05
ICI Aust	2.05	—0.07
Jimb'lana 50cFP	0.24	—0.24
Kia Ora Gold	0.12	
Lend Lease	4.80	+0.1
MIM	2.68	+0.05
Mayne Nickless	2.60	
Meekatharra	0.37	—0.05
Myer Emp.	1.80	+0.02
Nat. Com. Bk.	3.31	+0.05
News	9.00	
Nicholas Kiwi	4.18	—0.02
North Bkn Hill	2.14	—0.02
Oakbridge	0.88	—0.05
Otter Expl.	0.44	
Pancont'l	1.03	+0.08
Pioneer Conc	1.40	+0.02
Queensland Coal	1.14	—0.05
Reckitt & Coln	2.62	—0.03
Repco	1.12	—0.01
Santos	5.60	—0.04
Smith (H.)	3.65	+0.15
Southland Min'g.	0.30	
Spargos Expl	0.35	
Thos. Natwide	1.80	
Tooth	5.50	
Vamgas	3.20	
Western Mining	3.00	+0.1
Westpac	3.73	+0.1
Woodside Petrol.	1.15	+0.02
Woolworths	2.35	—0.05
Wormald Intl	2.80	

HONG KONG

July 26	Price H.K.$	+ or —
Bank East Asia	19.0	
Cheung Kong	6.8	+0.15
China Light	10.4	
Hang Lung Devel	2.3	
Hang Seng Bank	26.5	+0.2
HK Electric	5.2	+0.05
HK Kowloon Wh.	2.85	+0.05
HK Land	2.07	+0.02
HK Shanghai Bk.	5.3	+0.05
HK Telephone	39.5	—0.5
Hutchison Wpa.	8.9	—0.15
Jardine Math	5.75	+0.05
New World Dev.	2.32	
Orient O'seas	2.1	—0.03
O'seas Trust Bk.	2.5	+0.03
SHK Props	4.45	+0.1
Swire Pac A	13.1	
Wheel'k Mard A.	2.77	
Wheel'k M'time	1.9	
World Int. Hldgs.	1.65	

JAPAN

July 26	Price Yen	+ or —
Ajinomoto	1,120	
Alps Electric	2,020	+110
Amada	1,060	
Asahi Chem	600	—4
Asahi Glass	749	+2
Bridgestone	549	+19
Canon	1,140	+30
Casio Comp	1,120	+40
Chugai Pharm	965	+25
Citizen	465	+19
Daiei	660	
Dai Nippon Ptg	885	—12
Daiwa House	497	—7
Ebara	328	+9
Eisai	1,020	+20
Fanuc	7,950	+150
Fuji Bank	830	—5
Fuji Film	1,550	+60
Fujisawa	936	+15
Fujitsu	1,180	+20
Green Cross	1,530	
Hasegawa	340	+9
Heiwa Real Est.	533	+3
Hitachi	804	+18
Hitachi Credit	1,150	+10
Honda	1,150	+50
House Food	727	+1
Hoya	1,970	+30
Itoh (C)	281	
Ito Yokado	1,850	—30
Iwatsu	1,240	+40
JACCS	350	
JAL	2,980	+130
Jusco	845	+5
Kajima	287	+2
Kao Soap	715	
Kashiyama	593	+3
Kirin	548	+28
Kokuyo	910	+10
Komatsu	479	+13
Konishiroku	535	
Kubota	305	+10
Kumagai	466	—2
Kyoto Ceramic	5,970	+190
Maeda Const.	485	+3
Makino Milling	1,090	+10
Makita	905	+5
Marubeni	322	—5
Marudai	614	—1
Marui	1,020	+10
MEI	1,540	+50
M'ta Elec Works	602	—13
M'bishi Bank	855	—4
M'bishi Corp	535	+2
M'bishi Elec	378	+5
M'bishi Estate	456	+3

JAPAN (continued)

July 26	Price Yen	+ or —
MHI	216	—1
Mitsui Co	336	
Mitsui Estate	610	+4
Mitsukoshi	360	+5
NGK Insulators	761	—11
Nihon Cement	200	—1
Nippon Denso	1,370	+50
Nippon Elect	1,130	—30
Nippon Express	312	—3
Nippon Gakki	662	+2
Nippon Kokan	137	—1
Nippon Oil	890	—25
Nippon Seiko	496	—14
Nippon Shimpan	504	+15
Nippon Steel	143	
Nippon Suisan	325	—8
NTV	10,250	+50
Nippon Yusen	220	
Nissan Motor	582	—3
Nisshin Flour	500	—19
Nisshin Steel	154	—8
Nomura	613	—9
Olympus	859	+9
Orient Leasing	3,030	—30
Pioneer	2,530	+80
Renown	626	—3
Ricoh	845	+30
Sankyo	758	—8
Sanyo Elect	480	—10
Sapporo	420	—5
Sekisui Prefab	600	—15
Seven-Eleven	8,400	+40
Sharp	1,020	+10
Shimadzu	500	—14
Shionogi	661	—9
Shiseido	1,050	
Sony	3,300	—80
Stanley	632	+14
S'tmo Bank	849	+9
S'tomo Elect	775	+9
S'tomo Marine	342	—7
S'tomo Metal	150	—3
Taihei Dengyo	471	—1
Taisei Corp	214	...
Taisho Pharm.	586	—8
Takeda	735	+5
TDK	5,100	+380
Teijin	349	—10
Teikoku Oil	671	+3
Tokyo Marine	521	—8
TBS	710	—4
Tokyo Elect Pwr.	1,100	—20
Tokyo Gas	142	—3
Tokyo Sanyo	650	—30
Tokyo Style	700	—10
Tokyu Corp	260	—8
Toppan Print	780	+6
Toray	404	—14
Toshiba Elect	375	—8
TOTO	555	—5
Toyo Seikan	735	+29
Toyota Motor	1,220	+20
Victor	2,280	+160
Wacoal	730	+12
Yamaha	505	—11
Yamanouchi	1,160	+50
Yamazaki	620	+10
Yasuda Fire	264	—1
Yokogawa Bdge.	400	+2

SINGAPORE

July 26	Price $	+ or —
Boustead Hldgs	2.07	+0.12
Cold Storage	3.24	+0.1
DBS	7.95	+0.02
Fraser & Neave	5.10	+0.12
Genting	4.90	+0.20
Haw Par. Bros	2.07	+0.06
Inchcape Bhd.	2.68	+0.09
Keppel Shipyard	2.05	+0.01
Malay Banking	8.10	+0.1
Malay Brew.	6.55	
Multi Purpose	1.21	—0.03
OCBC	9.25	—0.15
OUB	4.08	+0.06
Sime Darby	2.00	+0.09
Straits St'mship	1.43	+0.04
Straits Trdg	5.10	+0.22
UOB	4.46	+0.12

SOUTH AFRICA

July 26	Price Rand	+ or —
Abercom	1.70	—0.03
AE & CI	8.40	+0.05
Anglo Am Coal	30.50	
Anglo Am Corp	21.25	+0.40
Anglo Am Gold	145.75	—0.25
Barclays Bank	16.25	—0.25
Barlow Rand	11.75	—0.05
Buffels	66.25	+2.25
CNA Gallo	2.45	
Currie Finance	4.30	—0.10
De Beers	8.45	—0.05
Driefontein	46.25	+0.75
FS Geduld	46.25	+0.25
Gold Fields S.A	23.75	
Highveld Steel	4.55	
Nedbank	11.20	—0.10
OK Bazaars	15.65	
Protea Hldgs.	1.75	+0.05
Rembrandt	25.50	
Rennies	12.35	+0.10
Rust. Plat	13.65	+0.15
Sage Hldgs	7.50	
SA Brews	6.70	
Smith (C.G)	18.50	
Tongaat Hulet s.	9.20	+0.05
Unisec	5.10	

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Stock	Sales (Hnds)	High	Low	Last	Chng
NCA Cp	100	9¼	9¼	9¼	+¼
NMS	85	2½	2½	2½	

Continued on Page 32

LONDON

Chief price changes (in pence unless otherwise indicated)

RISES

Tr 9½pc 1988	£99¼	+1¾
Ex 12pc 13-17	£110½	+2½
BAe	338	+14
Espley Trust	40	+8
Fleet Hldgs.	178	+6
Habitat	276	+8
Hambro Life	398	+11
ICL	84	+21
Ladbroke	195	+11
Lucas	168	+5
Metal Box	304	+8
Metal Closures	138	+8
Midland Bank	333	+8
Munford & Wht	125	+35
Nova (Jersey)	35	+3
Phoenix Assur.	633	+8
Pilkington	283	+11
Redland	244	+16
Rugby Portland	112	+7
Sainsbury	262	+6
TI	224	+8
Eglinton O&C	143	+13
CRA	296	+14
Randfontein	£79½	+£2½
Rustenburg Plat.	676	+28
Southvaal	£34½	+£1½
Western Hldgs.	£30½	+£1½

FALLS

De Brett (Andre)	16	—4
Horizon Travel	109	—7
STC	278	—28

CANADA

TORONTO *Closing prices July 26*

Sales	Stock	High	Low	Close	Chng
81694	Denison B f	$13½	13¼	13¼	
300	LOnt Cem	$7¼	7½	7¼	
40980	Lacana	$9½	9⅛	9¼	—¼
200	LL Lac	$29½	29¼	29¼	+½
1100	Loblaw Co	$14½	14½	14½	+⅛
327	MICC	325	325	325	—25
23251	Mclan H X	$19⅛	19	19	
1229	Merland E	440	435	435	
53345	Molson A f	$16⅞	16½	16½	
650	Molson B	$16½	16⅛	16⅛	+¼
2000	Murphy	$21¼	21⅛	21⅛	—⅛
500	Tara o	$15	15	15	
310	Teck Cor A	$8¼	8⅛	8⅛	+⅛
17210	Teck B f	$8½	7⅞	8	+⅛
5880	Tex Can	$35	34¼	35	+⅝
2775	Thom N A	$39½	39½	39½	—¼
15657	Tor Dm Bk	$14⅝	14½	14½	+½
850	Torstar B f	$13⅝	13⅝	13⅝	—⅛
948	Traders A f	$16½	16¼	16½	+¼
50	Trns Mt	$6¼	6¼	6¼	—⅛
300	Trinity Res	$5⅛	5⅛	5⅛	+⅛
[illegible]					

MONTREAL *Closing prices July 26*

Sales	Stock	High	Low	Close	Chng
[illegible]					

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										

Indices

NEW YORK-DOW JONES

	July 26	July 25	July 24	July 23	July 20	July 19	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	1107.55	1096.95	1086.57	1096.62	1101.37	1102.92	1286.64 (6/1)	1086.57 (24/7)	1287.20 (19/11/83)	41.22 (2/7/32)
Transport	458.83	444.83	445.16	447.33	451.75	457.92	612.63 (9/1)	440.83 (25/7)	612.63 (9/1/84)	12.32 (8/7/32)
Utilities	124.23	123.99	123.60	124.28	123.70	123.94	134.83 (8/1)	122.25 (15/6)	163.72 (20/4/69)	10.5 (28/4/42)
Trading vol	-	80.52m	74.37m	77.98m	79.08m	85.23m	—	—	—	—

	July 20	July 13	July 6	Year Ago (Approx)
Ind Div Yield %	4.14	5.10	5.04	4.50

STANDARD AND POORS

	July 26	July 25	July 24	July 23	July 20	July 19	1984 High	1984 Low	Since Compilation High	Since Compilation Low
Industrials	170.28	168.88	167.74	169.16	170.04	171.05	190.84 (6/1)	167.74 (24/7)	194.84 (10/10/83)	3.62 (30/6/32)
Composite	150.07	148.83	147.82	148.95	149.55	150.37	169.28 (6/1)	147.82 (24/7)	172.15 (10/10/83)	4.40 (1/6/32)

	July 18	July 11	July 3	Year Ago (Approx)
Ind div yield %	4.26	4.32	4.22	3.84
Ind. P/E Ratio	10.71	10.65	10.91	14.73
Long Gov Bond Yield	13.12	13.31	13.59	11.24

TORONTO

	July 26	July 25	July 24	July 23	1984 High	1984 Low
Metals & Minls	1600.86	1641.82	1652.5	1682.4	2524.4 (12/1)	1641.2 (25/7)
Composite	2126.01	2095.45	2079.7	2088.2	2585.7 (6/1)	2078.7 (24/7)
MONTREAL Portfolio	103.52	101.66	100.36	100.95	127.83 (10/1)	100.36 (24/7)

* Indicates pre-close figure

LONDON STOCK EXCHANGE

MARKET REPORT

Confidence revives as pressures for higher U.S. interest rates subside

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 16	July 26	July 27	Aug 6
July 30	Aug 9	Aug 10	Aug 20
Aug 13	Aug 30	Aug 31	Sept 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

Investment activity revived noticeably in London markets yesterday as current pressures for higher transatlantic interest rates eased. This followed comments by Mr Paul Vocker, chairman of the Federal Reserve Board, about the outlook for U.S. monetary policy. Gilt-edged stocks and leading industrial shares benefited from the increased demand, although both sectors were unable to hold the session's highest levels.

Early trade was especially busy and the authorities sold the £250m tranche of Treasury 9¼ per cent 1988, at 89$\frac{1}{16}$. The Government broker also supplied some of the £250m tranche of the longer-dated Treasury 10¼ per cent 1998 at 91⅜, but remained a seller at that price; both tranches were made available to the market only last Monday. The longs were outstanding and achieved gains stretching to a point before softening to close a maximum of ¾ up on balance. Shorter maturities recorded rises extending to ⅜ and selected index-linked issues were also dearer.

Equity markets too experienced an eventual opening. Institutional investors concentrated on blue chip issues, but ICL provided a major sideshow. A market raid by brokers Hoare and Co to acquire a 14.9 per cent stake aroused fierce speculation of pending offers from international groups, both domestic and overseas. The situation was soon clarified, however, when **Standard Telephones and Cables** subsequently announced share exchange terms, or a cash alternative of 7.14p per share. ICL settled 23 up at 84p, but STC dropped 28 to 276p, after 270p. For a while speculative interest flared in many current bid favourites, but the tempo gradually slackened.

International traders meanwhile held back awaiting ICI's interim statement. This generally found favour but, in common with other leaders, ICI later drifted away from the highest. Illustrating the initial firmness, the FT Industrial Ordinary share index stood 10.7 up at 10 am At the following six calculations it was around 7½ points higher and finally settled 7.3 up on the session at 777.5. Announcement of last month's trade figures made scant impression on sentiment in the after-hours trade.

Midland below best

Midland's interim profits, although 48 per cent down at £70m, and maintained dividend were very satisfactory considering recent brokers' estimates of between £42m and £75m. The shares immediately improved smartly to touch 343p before reacting to close 6 up on balance at 333p. Other clearers gained ground in symathp, but **Barclays** lost an early rise of 10 to finish unchanged at the overnight level of 440p; rumours persisted that the group would announce a rights issue with next Thursday's half-yearly figures. **Lloyds** closed 7 higher at 440p, after 448p, while **NatWest** ended a penny dearer at 598p, after 605p. Elsewhere, **ANZ** found support at 288p, up 8, and **Standard Chartered** revived with a rise of 10 to 455p. Discount Houses improved in places. **Gerrard and National** put on 10 to 268p and **Cater Allen** 15 to 420p.

Early interest in Insurances centred on **Phoenix**, currently in receipt of 650p per share cash offer from **Sun Alliance**. Broker's Rowe and Pitman made an unsuccessful attempt on SA's behalf to buy a further 5 per cent of Phoenix at 627p to add to SA's current shareholding of 24.3 per cent. After acquiring only an estimated 100,000 shares at 627p, Rowe and Pitman withdrew as the price rose to finish 8 up at 633p; **Sun Alliance** closed 4 better at 370p. Elsewhere, Life Insurances remained firm on bid speculation. **Hambro Life** added 11 at 398p, while **Equity and Law**, 170p, and **Pearl**, 825p, rose 5 apiece.

Latest newcomer to the Unlisted Securities Market, microcomputer software manufacturer **Compsoft Holdings**, opened at 123p and in a small business improved to 125p; the shares were offered-for-sale at a minimum tender price of 120p.

Building shares took a distinct turn for the better. Among the leaders, **Tarmac** improved 10 to 426p and **Redland** a like amount to 244p. **Rugby Portland** advanced 7to 112p on revived bid speculation. **Wm Leach**, a depressed market since the lapsing of C. H. Beazer's bid, recovered 10 further to 114p. Timber shares to make headway included **Magnet and Southerns**, 4 better at 112p, and **Meyer International**, the same higher at 94p.

Although well received, ICI's half-year figures caused little action and the shares settled 4 dearer at 542p.

Stores generally failed to maintain their momentum after a firm opening, although selected leaders made modest progress on "new-time" buying. **Burton** stood out with a gain of 5 to 228p, while **House of Fraser**, still buoyed by persisting rumours concerning Lonrho's near-30 per cent stake in the company, firmed 2 more to 238p, after 240p. **Lonrho** responded to late demand closed 4 up for a two-day advance of 9 to 135p. **Habitat Mothercare** rose 8 to 276p in the wake of Sir Terence Conran's bullish statement at the annual meeting. Secondary Stores remained very much a backwater.

Dixon's, 240p, and **John Menzies**, 160p, provided exceptions in riisng 7 apiece, but direct mail-order house **Andre De Brett** slumped 4 late to 16p following the annual loss and omitted final dividend.

Munford & White good

Leading Electricals followed the general advance with **Racal** outstanding at 230p, up 8. **Thorn EMI** new nil-paid shares were again volatile, touching extremes of 14p premium and 18p premium before closing a penny firmer on the day at 16p premium. Elsewhere, **Munford and White** featured with a rise of 35 to 125p on news of tentative approaches from two companies. Renewed buying lifted **CASE** 20 more to 720p, while other firm spots included **Eurotherm**, 10 higher at 245p, and **Logica**, 7 dearer at 320p.

With the exception of **TI**, up 8 at 224p, gains in the Engineering leaders were usually limited to a few pence. Scattered rises in secondary issues took in **Babcock International**, 6 firmer at 130p, and **Pegler Hattersley**, 8 to the good at 236p. Against the trend, occasional offerings and lack of support lowered **Simon** 12 to 373p.

Dalgety was added to the list of companies thought possible to be formulating a counter-bid for **Brooke Bond** and the latter's shares, which had earlier slipped to 109p, rallied to close a further penny dearer on balance at 111p; bidders **Tate and Lyle** held steady at 315p making its cash and share-exchange offer currently worth 95p per Brooke Bond share. Elsewhere in Foods, **RHM** rose 2 to 86p and **Rowntree Mackintosh** 4 to 292p, both in response to Press comment. **Associated Dairies** improved 4 to 148p and **J. Sainsbury** put on 6 at 262p. **Freshbake** hardened 2 to 100p following the annual meeting.

Hotels were featured by a revival in **Ladbroke** which attracted useful support to finish 11 up on the day at 195p; the interim figures are scheduled for August 30. **Garfunkels Restaurant** gained 10 to 140p and **Ryan** advanced 3 to 13p.

Brit. Aerospace up

British Aerospace became volatile as early rumours of an imminent bid from GEC gave way to talk that the latter could be interested in ICL; up to 348p initially, **British Aerospoce** reacted to 333p before reviving again to close 14 up on balance at 338p. Elsewhere in the miscellaneous industrials, speculative demand left take-over favourite **Metal Closures** 8 to the god at 158p. **Associated British Ports** rallied 5 further to 208p, while favourable Press mention left **SI Group** 2 firmer at 44p. **Radiant Metal** responded to annual results with a rise of 3 to 66p. **Dalgety** were firm at 392p, up 10, while renewed support prompted a rise of 8 to 158p in **Sidlaw**. **Polly Peck**, in contrast, fell 5 to 175p followed news of the acquisition of two cold stores in Southern Turkey. Although below the session's best, leading issues still recorded some useful gains. **Beecham** ended 6 dearer at 203p and **Metal Box** 8 higher at 304p. **Pilkington Bros**, the subject of bid talk recently, advanced to 268p before closing 11 up on the day at 263p. **Reed International**, reflecting Press mention, firmed 8 to 414p.

Nervous selling ahead of the interim results scheduled for August 17 further depressed **Horizon Travel** which fell 7 to a new low level for the year of 108p. Elsewhere in Leisure issues, **Fairline Boats** appreciated 3 to 44p.

Motors again atracted a fair measure of attention. Components featured **Lucas**, which continued the recent modest rally with a gain of 5 to 168p. **Dowty** firmed 4 to 142p while **AE** hardened a couple of pence to 70p. Distributors highlighted **Lex Services** which attracted a lively business and improved 13 to 358p, after 360p, in front of today's interim results. **Henleys** closed 2 up at 127p, some 7 above the rejected terms from the Hawley/British Car Auction satellite Midepsa. Bid talk lifted **Glanfield Lawrence** 2 to 56p. Dealings in **H. Young** were suspended with the price at 83p, pending acquisition details.

Fleet Holdings remained active amid persistent chatter that Lonrho are buyers of the shares; up to 181p at one stage, Fleet finally settled 6 dearer for a two-day gain of 11 at 178p. **Portsmouth and Sunderland** eased a few pence to 152p following the first-quarter figures. Elsewhere, Mr Robert Maxwell's **British Printing and Comunication** staged a welcome recovery, closing 6 up at 159p. **Bunzl** continued to attract support in the wake of a broker's bullish review and advanced 10 more to 258p; the interim results are expected early in September.

Espley Trust featured Properties with a recovery of 8 to 40p.

Shippings plotted a firmer course. **Ocean Transport**, interim results scheduled for next Wednesday, rose 5 to 113p, while **John I. Jacobs** hardened the turn to 48½p on the increased first-half profits and dividend. Renewed speculation about an imminent bid from Trafalgar House prompted support of **P & O Deferred** which touched 308p before closing only 3 up on balance at 302p.

Nova (Jersey) Knit stood out among smaller-priced Textiles, rising 3 to 35p with the help of "call" option business.

Oils down again

Oils remained a nervous market and continued to lose ground against a backdrop of renewed weakness in international crude oil prices. **Shell** were persistently sold and dipped 6 more to a 1984 low of 557p—a fall of 50 on the week so far—while BP slipped 5 to 430p.

LASMO gave up 7 to 263p; the company has acquired, subject to Australian Government approval, the "down-under" interests of Tenneco Oil and Minerals of Australia.

Initial buying interest lifted **Britoil** to 215p but the shares subsequently gave ground to close a net 2 easier at 210p; the interim results are expected today.

Among secondary issues **Berkeley Exploration** moved up to 140p before closing a net 2 better at 135p on news that Silvermines has sold 1.53m Berkeley shares to Charterhouse Petroleum at a price of 135p a share.

Golds sharply higher

South African Gold shares staged a broad advance and closed with substantial gains following the firmer showing by the bullion price. The latter moved up to around $347 an ounce in early trading before easing back to close only 12.5 cents up on balance at $343.375.

The Gold Mines index advanced 19.8 to 514.0, a two-day gain of 25.8.

Gold share prices were marked up at the outset, reflecting good overnight American buying interest, and gained further ground in the wake of persistent Cape demand. In the afternoon the market turned easier in line with the gold price and the majority of issues slipped back. Most, however, still closed with good gains on balance.

Strong gains throughout Golds coupled with a firm showing by domestic equities encouraged widespread support for London-domiciled Financials, especially **Rio Tinto-Zinc** which moved up 9 to 523p. **Hampton Areas** touched 170p prior to closing a net 3 better at 168p.

Rustenburg were prominent in a firm platinums sector; further consideration of the recently announced full-year results prompted Johannesburg and Continental support and the shares responded with a 26 jump to 678p.

The Australian mining market put on its best performance for some time, boosted by the good gains in overseas stock markets and the recent upturn in precious and base-metal markets.

Demand for Traded Options declined from Wednesday's July expiry sesion. Total contracts struck amounted to 3,105 comprising 1,869 calls and 1,236 puts. The FTSE 100 accounted for 322 calls and 377 puts. ICI were active following the interim figures and recorded 312 calls, 184 done in the October 550's. **Lonrho** remained lively reflecting fresh speculation concerning its holding in House of Fraser, attracting 127 calls with the August 120's recording 165. Among mining stocks, **Vaal Reefs** attracted 169 calls and 55 puts.

FINANCIAL TIMES STOCK INDICES

	July 26	July 25	July 24	July 23	July 20	July 19	year ago
Government Secs ..	76.43	76.21	76.09	75.96	76.44	76.24	79.16
Fixed Interest ...	80.89	80.73	80.66	80.87	80.97	80.89	82.75
Industrial Ord.	777.5	770.2	763.5	755.3	776.2	764.7	721.4
Gold Mines	514.0	494.2	488.2	490.3	509.8	529.3	661.6
Ord. Div. Yield. ..	5.27	5.28	5.29	5.29	5.14	5.19	4.45
Earnings, Yld.% (full)	12.05	12.16	12.21	12.20	11.88	12.04	8.84
P/E Ratio (net) (*)	9.97	9.89	9.83	9.84	10.11	9.98	14.08
Total bargains (Est.)	17.41	16,484	17,220	16,948	17,557	16,939	19,561
Equity turnover £m.	—	168.24	187.21	261.26	250.49	192.46	394.85
Equity bargains	—	11,659	13,172	13,045	12,972	11,486	18,320
Shares traded (ml) .	-	105.4	115.5	210.5	164.4	102.0	149.4

10 am 780.9. 11 am 777.6. Noon 777.6. 1 pm 778.0. 2 pm 778.0. 3 pm 777.8.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8028.

*Nil = 9.53.

HIGHS AND LOWS

	1984 High	1984 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs	83.77 (9/1)	75.96 (25/7)	127.4 (9/1/35)	49.48 (3/1/75)
Fixed Int .	87.48 (14/3)	80.66 (24/7)	155.4 (28/11/47)	50.03 (3/1/75)
Ind. Ord...	922.8 (3/5)	755.3 (25/7)	922.8 (3/5/84)	49.4 (26/6/40)
Gold Mine	711.7 (9/3)	488.2 (24/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	July 25	July 24
Daily		
Gilt Edged Bargains	158.2	160.1
Equities Bargains ..	75.5	85.3
Equities Value	340.0	379.4
5-day Average		
Gilt Edged Bargains ..	156.6	158.3
Equities Bargains ..	168.24	79.5
Equities Value ..	424.3	417.3

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No of changes	Wed. close	Day's change
Brooke Bond .	19	110	+ 9
Glaxo	13	530	− 5
RTZ	15	514	+ 7
Thorn EMI Nil Paid	15	15pm	− 3pm
Cosalt	14	73	+ 8
GEC	12	182	+ 2
NatWest Bank	12	597	+ 7
Bowater	11	162	+10
GUS "A" ...	11	512	+12
ICL	11	61	+ 7
Marks & Spen	11	217	+ 6
Barclays Bank	10	440	− 5
Beecham	10	257	—
ICI	10	538	− 4

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change
Barclays Bank	440	—
British Aerospace	338	+14
Britoil	210	− 3
Charter Consolidated	230	—
Cosalt	71	− 2
ICL	84	+23
ICI	542	+ 4
Midland Bank	333	+ 6
RTZ	523	+ 9
Shell Transport	557	− 6
Std Tel and Cables ...	276	−28
Sun Life	648	− 4

NEW HIGHS AND LOWS FOR 1984

NEW HIGHS (11)

AMERICANS (1)
Pacific Telesis
ELECTRICALS (2)
FKI Electricals ICL
FOODS (1)
Cullen's Stores
HOTELS (1)
Ryan Hotels
INDUSTRIALS (1)
Lep Group
MOTORS (1)
Henlys
TRUSTS (3)
Camellia Invs. Fulcrum Inc.
Derby Trust Inc.
MINES (1)
Kamunting

NEW LOWS (42)

AMERICANS (7)
Allied Corp. Houston Nat. Gas
Amax Lone Star Inds.
Amdahl Morgan (J. P.)
Caterpillar Tractor
BANKS (3)
Deutsche Bank Schroders
Fst. Pacific Fin. Hldgs.
BUILDINGS (2)
Douglas (Robert M.) Hinges & Hill
CHEMICALS (1)
Novo Inds. A/S B
STORES (2)
De Brett (Andre) Gent (S. R.)
ELECTRICALS (3)
Cass Group Wordplex Infmtn.
Miles 33
ENGINEERING (2)
Simon Engnrng. Yarrow
FOODS (1)
Nordin & Peacock
HOTELS (1)
Epicure
INDUSTRIALS (2)
Bespak Platignum
INSURANCE (1)
Allianz Vers.
LEISURE (1)
Horizon Travel
MOTORS (3)
ERF Bramall (C. D.)
Arlington Motor
PROPERTY (1)
Gable House Prop.
TRUSTS (5)
City & Foreign Inv. New Court
Energy Res. & Srvs. Brint Invs.
Equity Consort Dfd
OILS (3)
Charterhall Ultramar
Shell Transport
OVERSEAS TRADERS (1)
Jacks (Wm.)
MINES (3)
West Rand Northgate
De Beers Prof.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

FIXED INTEREST

EUROPEAN OPTIONS EXCHANGE

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. C Canadian. F Dividend and yield based on prospectus or other official estimates for 1984. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. p Pence unless otherwise indicated. ‡ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ▌ Allotment letters (or fully-paid). ‖‖ Introduction. ✣ Unlisted Securities Market. § Placing price. †† Official London Listing. ‡ No par value.

OPTIONS

First Dealings	Last Dealings	Declaration	Settlement
July 23	Aug 3	Oct 25	Nov 5
Aug 6	Aug 17	Nov 8	Nov 19
Aug 20	Aug 31	Nov 22	Dec 3

For rate indications see end of Share Information Service

Stocks favoured for the call included **Nova (Jersey) Knit, Brooke Bond, North Kalgurli, Steaua Romana, Eglinton Oil and Gas, Clyde Petroleum, Brunswick Oil, W. Canning, Vantona Viyella, William Leech, Flogas, Bula, Sterling Guarantee Trust, Bryson, Dufay and Renold.** No puts were reported, but doubles were taken out in **Burton, C. H. Bailey, Petranol, Tootal, and Barratt Developments.**

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds . . .	88	1	13
Corpns. Dom. and Foreign Bonds . .	19	1	60
Industrials	372	92	944
Fin. and Props. . .	196	58	263
Oils	27	10	85
Plantations ...	6	0	14
Mines	92	9	73
Others	81	49	133
Totals	881	221	1,582

LONDON TRADED OPTIONS

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1984 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100 12/16	99 7/8	Treas 12pc 1984	99 7/8	...	12.01	11.94
105 5/8	101 5/8	Treas. 15pc 1985	102xd	+1/16	14.71	11.31
102 3/8	100	Exch. 12pc Cnv. '85	100 1/4	+1/16	11.97	11.47
95 1/8	93 5/8	Treas 3pc 1985	93 5/8	+1/8	3.20	11.47
102 5/8	99 1/2	Treas 11 1/2pc 1985	100	+1/4	11.50	11.43
94 1/4	96	Treas 8 3/4pcCnv '85	97	+1/16	9.02	11.04
104 3/16	99 7/8	Exch. 12 1/4pc 1985	100 5/16	+1/4	12.21	11.83
103 15/16	99 1/16	Exch. 11 3/4pc '86	99 1/2xd	+1/16	11.83	12.30
102 3/4	96	Treas. 10pcCnv 1986	96 5/8	+1/4	10.35	12.20
90	88 3/4	Treas 3pc 1986	89 1/16	+1/16	3.35	9.45
102	96	Exch 10 1/2pc Cv '86	97	+1/16	10.78	12.07
104	99	Treas 12pc 1986	99 11/16	+1/4	12.04	12.15
98 1/4	93	Treas 8 1/2pc 1984-86‡‡	95	+1/8	9.05	12.06
108 13/16	102 1/2	Exch. 14pc 1986	103	+1/4	13.59	12.37
87 1/8	65	Exch. 2 1/2pc 1986	85	+1/8	2.93	9.63
107	100 13/16	Exch. 13 1/4pc 1987	101	+1/16	13.06	12.53
100	94	Treas 10 1/4%Cv '87	95 1/16xd	+1/16	10.77	12.51
86 1/8	83 5/8	Exch 2 1/2pc 1987	83	...	2.98	9.75
101	94	Exch 10 1/2pc 1987	95	+1/16	11.03	12.63
92	87	Funding 6 1/2pc '85-87‡‡	87	+1/16	7.43	11.96
99	93	Treas. 10pc 1987	93 5/8	+1/4	10.68	12.69
85	81	Treas 3pc 1987	82	+1/16	3.63	9.93
105	97	Treas. 12pc 1987	98	+1/4	12.24	12.72
94	87	Treas 7 3/4pc 1985-88‡‡	88xd	+1/4	8.81	12.04
100	92	Exch 10 1/2pc '88	93	+1/4	11.22	12.66
98	90	Treas 9 1/2pc Cv '89	90	+1/4	10.74	12.81
82	77	Transport 3pc '78-88	77	+1/16	3.87	10.09
96	88	Treas. 9 1/2pc '88	89	+1/2	10.67	12.89
100	94	Treas 11 1/2pc 1989	95 1/2xd	+1/2	12.04	12.83
95	88	Treas 9 1/2pc Cnv '89	88 1/2	+1/2	10.73	12.80
95	91	Treas 10 1/2pc 1989	91 1/2	+1/16	11.48	12.89

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
95	65	Marley	69	+3	3.3	2.1	6.6	9.7
58½	40	Marling Ind. 10p	54xd	.....	1.3	ϕ	3.4	ϕ
46	29	Marshall L'xy. 'A'	31	.....	1.2	3.6	5.5	(5.5)
*54	37	Marshall's Univ	48	.....	ϕH1.75	—	5.2	14.4
30	20	Martin-Black	22#	.....	—	—	—	—
£108	£88	Mathesons 7¾%	£98	.....	Q7¾%	2.3	18.2	—
378	287	Metal Box £1	304	+8	15.0	3.0	7.0	5.2
220	129	Metal Closures	158	+8	6.3	2.3	5.7	(8.8)
27	13	Metal Sciences 2½p	16	.....	—	—	—	—
19	8	Metamec Jentique	10	.....	0.01	—	—	—
133	83	Midland Marts	88	.....	4.0	1.8	6.5	11.1
64½	45	Mitchell Cotts	50	.....	3.62	1.0	8.9	(15.4)
29	13	Moben Grp 1p	13	.....	0.5	2.5	5.5	(8.2)
168	132	Morgan Crucible	146	+2	7.5	1.2	7.3	(14.8)
18	13½	Morris (W) Fine Arts	15½	.....	bg0.25	4.0	2.3	14.2
*95	80	Moss (Robt.) 10p	86	.....	2.5	2.9	4.2	10.4
330	197	MMW Computers	290	.....	6.0	3.0	3.0	16.2
65	47	Nash Inds.	48	.....	4.0	2.2	12.3	5.4
47	30	Neill&Sp'ncer10p	30	.....	—	—	—	12.9
33	16	Newman Industs	17	.....	—	—	—	(9.6)
31	16½	Do. 10pc Cnv. Cov. Pf.	19	.....	10%	—	7.5	—
67	43½	Nolton	55	+4	1.0	2.9	2.6	19.3
175	132	Norcros	132xd	.....	7.5	2.4	8.1	7.0
86	59	Nu-Swift 5p	63	.....	—	—	—	12.3
100	50	Oakwood Grp.	55	.....	‡d6.5	—	‡	—
190	145	Office & Elect	167	.....	7.5	2.8	6.4	7.5
875	700	Oriflame Intl SA	800	.....	Q53c	2.2	4.5	10.0
46	31	Ovenstone 12½c	31	.....	Q4.5c	2.2	7.7	5.9
£146	£120	Ozalid Fin. Cv.	£122	+1	Q9%	—	f7.5	—
190	157	PCT Grp 10p	165	.....	bg4.8	ϕ	4.1	ϕ
207	154	Parker Knoll 'A'	154	.....	8.5	3.0	7.9	5.8
265	197	Pauls	207	+9	8.5	2.8	5.9	7.5
590	403	Pearson	498	+3	14.0	2.7	4.0	11.4
35	21	Peek Holdings	21	.....	—	—	—	—
107	89	Peerless	94	.....	6.3	1.5	9.6	(8.6)
99	55	Pentland 10p	97xc	.....	h1.74	2.4	2.6	(18.4)
26	17	Pentos 10p	22	.....	B-	—	—	39.0
33	27	Phillips Patents	33	.....	1.25	1.8	5.4	(12.3)
810	545	Photo-Me 50p	740	.....	†h7.88	6.6	1.5	11.2
350	222	Pilkington Br. £1	263	+11	11.5	q2.6	6.2	(7.1)
£213	£131	Pitn'y Bowes Ln.	£163	−7	Q5½%	—	3.5	—
49	32	Plastic Const. 10p	40	−1	d2.38	1.0	8.5	(17.2)
9	6	Platignum 5p	6	−½	B-	—	—	—
147	120	Platon Int.	120	.....	bg1.64	4.7	2.0	13.7
345	160	Polly Peck 5p	175	−5	†2.8	7.3	2.3	6.2
19	12	Polymark 10p	14½	.....	—	—	—	—
89	70	Do. CnvPfA £1	70	.....	10%	—	20.4	—
615	470	Portals	472	.....	17.25	3.0	5.2	8.4
380	268	Powell Duff. 50p	315	+5	16.0	1.6	7.3	12.0
134	98	Pritchard Svs.	101	+2	3.5	1.9	5.0	12.6
34	25	Protimeter 5p	26	.....	u0.7	2.7	3.8	13.6
103	83½	RFD Group 10p	91	.....	3.39	2.2	5.3	11.1
95	57	Radiant Metal	66	+3	1.5	ϕ	3.3	ϕ
104	90	Ramco Oil 10p	93	.....	u0.7	5.3	1.1	18.6
262	182	Rank Org.	234	+4	†10.0	1.4	6.2	12.9
530	417	Reckitt & Colman	485	+3	12.4	2.3	3.7	14.8
112	80	Redfearn Glass	80	.....	0.1	—	0.2	—
114	63	Reed Exec 10p	91	−1	0.88	ϕ	1.4	ϕ
461	374	Reed Intl. £1	414	+8	16.5	3.1	5.7	6.7
38	28	Reliance Int 20p	30	.....	†1.75	2.7	8.3	5.1
96	80	Relyon	80	.....	h4.04	2.3	7.2	8.7
235	188	Renown Inc Y50	191	.....	Q25%	ϕ	2.0	ϕ
122	92	Renwick Group	120	.....	—	—	—	21.2
185	144	Restmor	170	.....	†6.5	2.4	5.5	10.9
238	206	Reuters 'B' 10p	221	.....	b2.5	4.1	1.6	21.5
36	25	Rexmore	25	.....	1.46	ϕ	8.7	ϕ
118	78	Ricardo	80	.....	h2.5	2.7	4.5	9.9
111	55	Rivlin (I.D.&S.) 5p	84	+1	0.1	3.1	0.2	—
250	220	Robertson Rsch 10p	222	.....	g3.0	ϕ	1.9	ϕ
11	7	Rock 10p	7½	−½	—	—	—	—
40	20	Rockware	29	.....	—	—	—	—
235	125	Rolfe & Nolan 10p	140	.....	4.0	3.5	4.1	10.1
114	89	Ropner	110	.....	4.5	1.1	5.8	23.2
114	86	Do. 'A'	108	.....	4.5	1.1	6.0	22.7
14	6	Rotaprint 5p	6½	.....	—	—	—	—
255	118	Do. 11½pcCvPf£1	120	.....	B-	—	—	ϕ
87	66	Russell (A.) 10p	75	+2	1.11	ϕ	2.1	ϕ
17½	11	Ryan Int'l 5p	14½	.....	—	—	—	ϕ
60	35	SI Group 5p	44	+2	†1.38	2.9	4.5	8.5
320	267	Sale Tilney	295	−2	10.5	2.5	5.1	8.8
80	56	Sandhurst Mkt. 10p	66xd	.....	h0.86	4.1	1.9	16.5
50	34	Sangers	40	.....	B-	—	—	—
328	253	Scapa Group	287	.....	9.15	2.7	4.6	9.1
£39	£30½	Schlumberger $1	£31¼	−½	Q$1.20	—	3.0	—

LEISURE—Continued

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
38	10	Nimslo Int 20c	11	.....	—	—	—	—
145	112	Norton Opax 10p	133	.....	G3.0	ϕ	2.3	ϕ
		For Our Price see Stores						
31½	14½	Owners Abroad	14¼	−¼	0.75	6.1	7.3	2.7
66	35	Photax (Lon.)	46	+2	—	—	—	—
130	73	Pineapple Dnc S 10p	82	.....	d1.5	4.0	2.6	10.4
420	285	Pleasurama 5p	310	.....	6.5	4.7	3.0	10.1
158	75	Radio City 'A' N/V	75	.....	5.6	1.9	10.7	6.9
70	55	Radio Clyde N/V	55	.....	3.0	1.4	7.8	12.8
148	48	Riley Leisure 10p	50	.....	4.2	2.4	12.0	4.1
118	94	Saga Hols. 20p	94	.....	3.75	1.6	5.7	11.8
390	290	Samuelson Grp £1	310	.....	d12.0	2.7	5.5	9.6
27½	19	Sangers Photo 10p	19	.....	bg1.25	3.8	9.4	8.6
164	98	Scott TV 'A' 10p	148	.....	8.1	2.9	7.8	6.9
285	186	SeaCo Inc.	262	−12	—	—	—	—
35	18	Select TV 10p	19	.....	—	—	—	—
37	24	TSW 5p	29½	.....	1.2	2.2	5.8	11.4
150	79	TVS N/V'g 10p	127	.....	†2.0	5.5	2.2	10.5
30	22	Television Svcs 10p	23½	.....	g0.2	3.7	1.2	32.2
90	60	Tottenham Hotspur	67	.....	b4.0	1.9	8.5	(3.7)
147	120	Trid'nt TV 'A' 10p	142	.....	†5.5	1.8	5.5	14.0
168	100	21st Century Dist.	100	.....	—	—	—	—
197	135	Tyne Tees TV 'A' £1	163	.....	8.25	2.4	7.2	8.4
83	53½	Ulster TV N/V 'A'	74	.....	h4.0	2.5	7.7	6.9
25½	17	Webb (Jos.) 5p	17½	.....	d0.51	0.5	4.2	—
98	88	Zetters 5p	89	.....	†3.1	3.0	5.0	9.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
76	51	BL 50p	51	−1	—	—	—	—
66	50	Coleman Milne 10p	60	.....	ϕ1.7	2.8	4.0	11.4
255	227	Gen. Mts. Units	227	.....	Q12c	—	3.7	—
385	294	Honda Motor Y50	354	+16	Q23%	8.6	1.0	11.7
85	55	Lotus Car 10p	61	+1	—	—	—	ϕ
46	20	Reliant Motor 10p	38	.....	—	—	—	12.0
£23½	£18⅝	Volvo Kr25	£22¼	.....	wQ23%	0.6	2.3	74.9

Commercial Vehicles

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
45	30	ERF (Hldgs)	30	−2	B-	—	—	ϕ
130	88	Plaxtons (GB)	88	.....	h4.5	3.0	7.3	6.4
42	22	York Trailer 10p	29	.....	B-	—	—	ϕ

Components

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
98	66	AE	70	+2	m1.4	2.8	2.9	(12.5)
80	48	Abbey Panels	73	.....	—	—	—	—
77	40	Aerospace Eng.	40	.....	dh4.88	1.7	15.8	5.3
26	20	Airflow Stream	21	.....	1.0	5.0	6.8	4.0
36	23	Armst'ng Eq. 10p	27	+½	m0.1	7.9	0.5	—
81	38	Automotive	54	.....	1.0	3.4	2.6	(12.7)
*18½	11	Bluemel Bros.	13xr	.....				
156	122	Dowty 50p	142	+4	4.5	ϕ	4.6	ϕ
48	36	Dunlop 50p	38	.....	—	—	—	—
283	213	Flight Refuelling	235	+5	2.5	4.0	1.5	19.8
*52	26	Hmm. Smith 10p	27	.....	g0.5	1.9	2.6	25.8
54	33	Kwik-Fit Hldgs. 10p	34	+1	1.57	2.6	6.6	7.4
235	158	Lucas Inds. £1	168	+5	8.6	1.3	7.3	(14.2)
102	87	Soler A 50p	102	.....	4.3	1.7	6.0	(13.0)
41	31	Supra Group 10p	32	.....	1.9	1.7	8.5	12.2
£185	£140	Technmar SA Fr100	£170	.....	FFr150	ϕ	10.4	ϕ
32	20	Woodhead (J.)	21	+1	0.1	30.6	0.7	4.9

Garages and Distributors

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
176	116	Adams Gibbon	174	+2	5.25	4.3	4.3	5.9
12	7	Alexanders 10p	7¾	−¼	—	—	—	—
41	27	Appleyard Grp.	29	.....	—	—	—	4.7
152	135	Arlington Motor	135	−4	6.5	2.6	6.9	(6.3)
*22½	15	BSG Int. 10p	15½	.....	1.0	3.1	9.2	3.8
170	147	Bramall (C. D.)	147	−2	d6.7	3.7	6.5	5.4
*134	82	Brit. Car Auct. 10p	85	+3	b2.8	2.2	4.7	14.1
140	116	Caffyns 50p	122	.....	4.5	0.4	5.3	—
42	33½	Cowie (T.) 5p	36	+½	d2.0	1.6	7.9	11.6
96	74	Davis Godfrey	74	.....	4.0	2.6	7.7	6.3
64	49	Gates (F.G.)	52	.....	3.0	2.7	6.6	6.4
62	24	Glanfield Lawr.	56	+2	‡1.0	3.2	2.6	17.2
65	45	Harrison (T.C.)	46	+1	2.3	4.1	7.1	3.6
69½	54	Hartwells	63xd	+1	h3.33	2.9	7.6	6.0
127	86	Henlys 20p	127	+2	ϕ0.1	—	0.1	—
175	108	Hurst (Charles)	140	.....	5.0	ϕ	5.1	ϕ
54	34	Jessups	44	+1	†h1.5	4.4	4.9	5.8
146	83	Kenning Motor	84	.....	6.5	2.5	11.4	(4.0)
45	32	Laidlaw Grp. 10p	32	.....	g2.5	ϕ	11.2	ϕ

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

Central African

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
260	150	Falcon 250c	170	.....	Q100c	ϕ	32.7
17	11½	Wankie Col. Z$1	12½	.....	—	—	—
21	14	Zam.Cpr SBD0 24	14¼	+¼	—	—	—

Australians

1984 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
45	23	ACM 50c	25	.....	—	—	—
38	20	Allstate Expl'n. NL	21	.....	—	—	—
10½	4	Asia Oil & Minerals	4¼	.....	—	—	—
19	12	Aust. Hydrocarbon NL	17		—	—	—
28	17½	Australis Mng NL	18		—	—	—
45	35	Balmoral Res.	27	+1	—	—	—
75	32	Anglo Utd Dev	56	.....	—	—	—
370	210	Centennial Min'ls	275	.....	—	—	—
175	100	Colby Res Corp	115	.....	—	—	—
955	550	Cons. Murch. 10c	680xd	+25	†Q100c	1.4	8.5
£20¾	£14	Eastern Trns. Cns. 50c	£14	.....	Q90c	ϕ	3.6
		For Echo Bay Mines see Canadians					
252	160	Hampton Areas 10p	168	+3	3.75	ϕ	3.0
205	145	Highwood Res	150	.....	—	—	—
£24½	£16	Homestake Mining $1	£17⅛	+⅛	Q20c	—	0.9
365	233	Northgate C$1	233	−7	—	—	—
718	500	RTZ	523	+9	19.0	2.5	4.9
£155½	£113½	Do. 9½pcLn 95-2000	£116½	+2	Q9½%	35.4	8.2
55	27	Sabina Res C$1	30	.....	—	—	—
£11¼	850	Tara Exptn $1	850	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

● "Tap Stock".
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
ϕ Figures or report awaited.
♥ Not officially UK listed; dealings permitted under Rule 163(4)(a).
♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
†† Dealt in under Rule 163(3).
‖ Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress.
♦ Not comparable.
♦ Same interim; reduced final and/or reduced earnings indicated.
§ Forecast dividend, cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ϕϕ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution. ■ Price ex Bowater Inc. entitlement.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −
Albany Inv 20p	80	.....
Craig & Rose £1	880	.....
Finlay Pkg. 5p	43	.....
Higsons Brew	83	.....
Holt (Jos) 25p	890	.....
IoM Stm. £1	115	.....
IRISH		
Exch. 12% 1985	£98½	.....
Nat. 9¾% 84/89	£84¾xd	+⅛
Fin. 13% 97/02	£92⅝	.....
Alliance Gas	63	−2
Arnott	280	−5
CPI Hldgs	85	.....
Carrol Inds.	101	+1
Hall (R. & H.)	46	−1
Heiton Hldgs	19	.....
Irish Ropes	37	.....
Jacob (W.& R.)	62½	.....
TMG	50	.....
Unidare	60	.....

OPTIONS — 3-month call rates

Stock	Rate	Stock	Rate	Stock	Rate
Industrials		Hawker Sidd	38	Vickers	14
Allied-Lyons	15	Hse of Fraser	26	Woolworth Hldg.	50
BOC Grp	27	ICI	42		
BSR	26	'Imps'	12	**Property**	
Babcock	17	ICL	7½	Brit Land	11
Barclays Bank	45	Ladbroke	23	Cap Counties	16
Beecham	32	Legal & Gen	45	Land Secs	25
Blue Circle	40	Lex Service	40	MEPC	25
Boots	16	Lloyds Bank	50	Peachey	17
Bowaters	25	'Lofs'	3	Samuel Props	12
Brit Aerospace	20	Lucas Inds	18	Sterling Guar.	4
BAT	15	'Mams'	14		
Brown (J.)	3	Marks & Spcr	28	**Oils**	
Burton Ord	22	Midland Bk	36	Brit. Oil & Min	9
Cadburys	11	NEI	10	Brit Petroleum	35
Comm Union	16	Nat West Bk	60	Burmah Oil	17
Courtaulds	11	P & O Dfd	25	Charterhall	9
Debenhams	14	Plessey	20	Premier	6
Distillers	22	Racal Elect	18	Shell	55
Dunlop	5	RHM	8	Tricentrol	20
FNFC	6½	Rank Org Ord	24	Ultramar	60
Gen Accident	42	Reed Intnl	40		
Gen Electric	16	Sears	8	**Mines**	
Glaxo	70	TI	22		
Grand Met	30	Tesco	16	Charter Cons	24
GUS 'A'	55	Thorn EMI	55	Cons Gold	58
Guardian	50	Trust Houses	18	Lonrho	12
GKN	20	Turner Newall	10	Rio T Zinc	60
Hanson Tst	17	Unilever	75		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 25

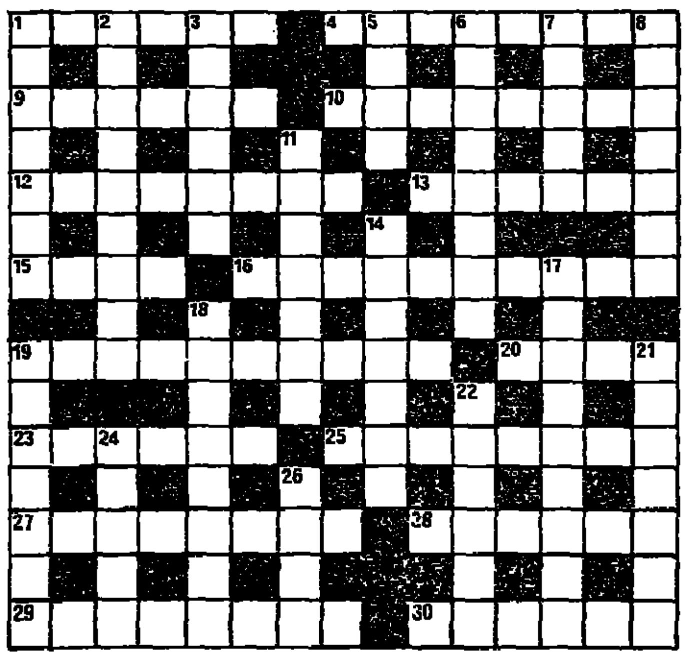
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,476



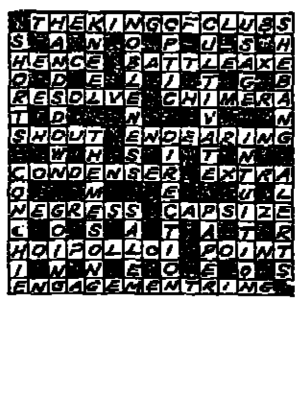
ACROSS

1 This unusually energetic type likes Monday to come round (6)
4 Warbler that betokened final sentence (8)
9 Giddy girls excitedly starting fresh salmon (6)
10 Hodge to cultivate bunch of bananas (8)
12 Physically fit, could be L.A. hit etc . . . (8)
13 . . . and French inch characters out in the races (6)
15 Warning to motorists in both directions (4)
16 It sounded late for the team going home (6-4)
19 See it? ——— Strap being loosened! (5-5)
20 As dull as Shakespeare being read backwards (4)
23 I am to take role of "Tell" (6)
25 Wars that broke out in Panama (5-3)
27 A very loud long tune, perhaps, flowing freely (8)
28 Exponent of 19 ac. got males excited about love (6)
29 Coward's pollenosis? (3, 5)
30 Wizard chaps—super chaps to have about, right? (6)

DOWN

1 Chow-wagon? (7)
2 One to love, hour being right (9)
3 Kind of ball with features disguised, but many invited (6)
5 Coin found on meadow in spring (4)
6 Gay urban community with inordinately long race-track (8)
7 Lots of hotels serve tea on the spot (5)
8 Stalk Sir Robert, getting round detectives to rise (7)
11 Pitch of the roof? (7)
14 Compensates for being averse to tennis (7)
17 One turns garden over, spoiling the marrow (9)
18 A lively river-gap (8)
19 Ship can transport food for sailorman (7)
21 Marsh bird took a piece out of type of gull (7)
22 Banger, dear me, reversing on motorway! (6)
24 Blast! Last in Derby, being short-winded (5)
26 Unrepeatable opening of fairy-tale (4)

Solution to Puzzle No. 5,475



INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

Money Market Trust Funds

Money Market Bank Accounts

NOTES

COMMODITIES AND AGRICULTURE

High grain sales to Russia likely

BY JOHN EDWARDS, COMMODITIES EDITOR

A SHARP rise in Soviet grain imports during 1984/85 is predicted in the latest market report by the International Wheat Council out yesterday. It estimates that the Russians will buy 35m tonnes of grain, compared with 31m tonnes in the present (1983/84) season.

Last month the council predicted that Soviet grain purchases would rise to 33m tonnes, but it has raised its estimate further following disappointing forage crops in the Soviet Union, and less promising prospects for the current grain crop.

The council forecasts that Russia will import 20m tonnes of wheat (against 19m in 1983/84); 14m tonnes of coarse grains (11m) and 1m tonnes of other grains (0.5m).

The council maintains its forecast of 1984 wheat production at the record figure of 505m tonnes (6m above the 1983 peak figure). However, it has raised its world coarse grain output by 1m to 801m tonnes, compared with the previous outturn of 686m resulting from a sharp cut in U.S. production because of the drought there last year.

This year, given reasonable weather conditions, U.S. output of coarse grains is predicted to reach almost 238m tonnes against 136m tonnes last year.

● Reuter reports from Peking that China's grain production in the first half of this year exceeded 88.5m tonnes, 4m more than in January-June 1982.

The state statistical bureau said there were large harvests of some summer crops and winter wheat output was up.

Copper council sees some improvement in demand

BY OUR COMMODITIES EDITOR

SOME improvement in demand for copper is now apparent, according to the International Wrought Copper Council, which represents the semi-manufacturing industry in Europe and Japan.

The council's annual report, out yesterday, predicts that there will be a small surplus, about 37,000 tonnes, of copper production over consumption this year.

This estimate makes allowances for net exports of copper to Communist bloc countries, although it notes Chinese purchases are unpredictable.

Western consumption of refined copper is forecast to increase this year by 5.7 per cent to 7.28m tonnes, while production is put 0.4 per cent down at 7.35m tonnes. In Europe, consumption is expected to rise by 2.8 per cent, in Japan by 2 per cent, and in the U.S. by 12 per cent.

The report says that in spite of the slow revival in demand, over-capacity in production remains a problem and rationalisation has continued.

It notes that support for joint promotion of copper is at a low ebb at a time when the industry could be taking advantage of competitive factors favouring copper. Accordingly the council has set up a sub-committee to consider ways of giving new life to joint copper promotion.

World sugar prices fall continues

WORLD SUGAR prices fell again yesterday as speculative buyers stayed out of the market. The London daily raw sugar price was fixed £3 down at £89 a tonne, the lowest level since October 1982, and on the futures market the October position ended the day $4.10 lower at $129.10 a tonne.

Dealers said the market appeared *unimpressed by estimates* that Egypt had recently bought about 88,000 tonnes of white sugar on the world market. Bearish fundamental factors and charts were still dominating sentiment, they said.

● THE EEC dairy management committee yesterday approved controversial sales of cut-price butter to the Soviet Union and *the Middle East despite opposition* from Britain, Denmark, Italy and the Netherlands.

The European Commission said on Tuesday that it hoped to dispose of 150,000 tonnes a year of older butter from its 1m tonne surplus by undercutting its already low export price.

● THAILAND exported 526,789 tonnes of raw sugar in the first half of this year, down from 854,704 tonnes in the first half of 1983, the Commerce Ministry said.

● PLANS to start beef futures trading in London in the first half of next year will be discussed at meetings with beef industry interests beginning in September, Mr C. H. Prior-Willeard, secretary of the Lon'on *Meat Futures Exchange*, announced yesterday.

He also said that pig meat futures trading would be expanded to 11 delivery months, from six at present, beginning with September 1985; and that option trading in pig meat futures would begin on September 1.

Winter barley harvest gets off to a good start

Farmer's viewpoint: by John Cherrington

THE DROUGHT which is causing great problems in some parts of the country, helped to get my harvest off to a good start on July 16, about a week earlier than normal. The crop was Igri winter barley and the weighed yield of over 2¼ tonnes an acre was a great deal better than I was expecting in late May before the bonus of 4 in of rain fell on my farm.

The barley was not quite ripe in that the straw still had a lot of sap in it, but with a grain moisture content of under 15 per cent, very little drying was needed to make it safe for storage. One field did present a few problems, however, as there were a lot of green corns in the sample. This was due to the plants having produced fresh tillers after the rain and these were still a month off ripening. There were about 5 per cent of these which raised the moisture to about 19 per cent. I am told that I was lucky as some crops in the district had about 20 per cent green corns.

There is not much a farmer can do about this. If they are left to ripen, say, for another three weeks, the riper barley will probably fall off. They could be sprayed with a desiccant, but as it is only feeding barley there is no point in making a very pretty sample for the pigs which would not have added to the feed value.

Pig farmers should be beginning to smile for a change. Not only are their prices better but feed costs are also falling. The spot barley prices at £101 to £103 per tonne, is at least £5 per tonne less than at this time last year, and is only supported at this level by export demand, particularly via Southampton.

The barley intervention price for August is £113 per tonne, which after £4 per tonne for carriage should mean £109 at farm. The snag here is that because of the European Community's shortage of money, payment can be delayed for up to 120 days, which at present rates could mean an interest cost of £4.50 per tonne. So it should be a buyers' market.

About two-thirds of the barley acreage is of the autumn sown or winter varieties of which only a small amount appeals to the maltsters, so I was hoping that my own spring barley would be able to cash in on the expected shortage of malting varieties. I am not quite so hopeful now. The maltsters I have approached lack the enthusiasm to do business that I like to see in my customers, and also I am not quite so happy about the state of the crop.

It had a bad start in the dry spring and was quite literally saved by the end of May rain. Until about 10 days ago it seemed to be filling well, but since then the very hot dry weather is causing some premature ripening. Instead of the grain being nice and plump I fear samples could show long thin grains, rather like needles as the saying goes, over which the maltster will shake his head. Also, I fear the bushel weight and yield will be down as a consequence of this.

At the moment, autumn sown wheat looks to be the crop of the year and not only on my own farm. I have never seen it at such a full stand, and the ears seem to be filling well. There was a great aphid scare a few weeks ago and, in common with most farmers, I applied the right chemicals. I hope the *creatures did not do* any damage. Certainly the spraying, even on established tramlines did a bit, and it all cost money.

I am still concerned about the cost effectiveness of using chemicals and only do so when I see something to hit. I must confess though that with my foreman who looks after the arable away ill, I had to take the day-to-day decisions as to whether or not to spray, and I played safe and used rather more than I would have encouraged him to.

Although my own wheat looks well, as does most around here, there is a lot of talk of white patches in some fields, and I have seen several fields *where the crop is laid flat as if by a roller*. The white patches could be anything from drought stress to a variety of diseases such as Take All.

Take All is just what its name implies. The plant dies just after the grain is formed, the yield is decimated and the grain only fit for feeding. The laid crops are probably just as disappointing when harvested and the disease could be eyespot, sharp eyespot, or simply a culmination of years of cereal cropping.

Some pundits are forecasting that yields could be well down this year as a consequence of these diseases, but I have not seen any more than usual. In fact the last two years have been remarkably free of cereal *diseases. But on the lighter* lands drought could take quite a toll. Further than that it would be dangerous to go in forecasting the harvest.

Higher tea price level here to stay, says broker

BY P. C. MAHANTI IN CALCUTTA

J. THOMAS, a leading Calcutta tea-broking firm, forecasts in its annual review of the tea market in India and abroad that the current high level of tea prices is not temporary but has come to stay.

It says that late last year and early this, weather conditions were dry in some major producing areas, namely North India, *East Africa and Bangladesh, and* had an adverse impact on production.

Moreover, though world black tea production last year reached 1.5bn kg, higher by 59m kg than 1982 production, and there was an annual average rise of 1.62 per cent over a four-year period in world output, global tea consumption had been rising, said J. Thomas, by leaps and bounds, particularly in developing countries, especially in India, Pakistan and Egypt.

Among other factors contributing to the buoyant trade are lower stocks. In 1983, world stocks were lower by 11.5m kg, compared with the 1982 level.

Considering these factors, *prices should stay at attractive* levels, at least for the best part of this year, says J. Thomas.

auction CTC (cut, tear and cure) prices averaged Rs 38 a kg compared with Rs 33 a kg six months ago. CTC is the type of tea favoured by UK blenders.

As for the world production pattern this year, the review says there could be a global trend towards the manufacture of more orthodox teas because they have been fetching more attractive prices than CTC grades.

This would mean a reversal of the pattern of world tea production in which the share of the CTC grade has been steadily on the rise.

The firm says the market for the all clean orthodox whole-leaf grades will be strong this year and therefore fetch better rises.

Indian tea production last year totalled 587m kg. Of this 209m kg were exported. Exports realised a higher unit price of Rs 25.04 compared with Rs 18.70 in the previous year.

Internal consumption continued to rise strongly and reached a level of nearly 350m kg compared with 320m kg a year ago.

The tea-production target for this year is fixed at 610m kg. The industry says the target will be reached, considering the favourable weather conditions in the second half of the year when North India produces most of its tea. The production trend in the South has been excellent, though.

● Contrary to expectations that the popularity of Singapore as the world's second international tea auction centre would steadily increase, the past year saw a sharp decline in the offerings at that centre compared with the 1982 volume, writes P. C. Mahinti.

The 1983 figure comes to a mere 480,000 kg compared with 1.74m a year earlier.

All producing countries participating in the auctions, *especially India and Kenya, appear* to have sent less, although the market was buoyant throughout the year. Towards the latter part it was very strong with the price per kilogram rising to $3.37.

The year's average worked out at $2.31 per kg, compared with $1.75 in 1982.

PRICE CHANGES

BRITISH COMMODITY PRICES

BASE METALS

COPPER

BASE-METAL PRICES were mixed on the London Metal Exchange. Copper opened firmer and touched £1,045, aided by the initial rise in gold, but eased back to close the late kerb at £1,037.5.

of the fixing levels were: spot 724.30c, up 4.5c; three-month 744.6c, up 3.7c; six-month 767.60c, up 2.7c; and 12-month 813.8c, up 1.2c. The metal opened at 546-549p (731-734c) and closed at 539-542p (718-721c).

TIN

LEAD

ZINC

ALUMINIUM

NICKEL

SILVER

COCOA

COFFEE

GRAINS

POTATOES

RUBBER

SOYABEAN MEAL

SUGAR

MEAT/FISH

COTTON

WOOL FUTURES

PIGMEAT

October and November which attracted most interest and values held steady on the close, reports CCST Commodities.

536, 540, 538-534; Jan 536, 542, 539-538. Sales: 215.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Oct 565.0, 567.0, 567.0; Dec 570.0, 571.0, 570.0; March 578.0, 580.0, 580.0-578.0; May 587.0, 590.0, 587.0; July 597.0, 599.0, 599.0; Oct 585.0, 595.0, untraded; Dec 587.0, 600.0, untraded; March 595.0, 615.0, untraded. Sales: 18.

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

LONDON OIL

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	26.90-27.10	—0.10
Dubai Fateh	26.70-26.90	—0.15
Arab Heavy	26.00-26.25	—0.10
North Sea (Forties)	26.45-26.90	—0.25
North Sea (Brent)	27.05-27.35	—0.10
African(BonnyLi'ht)	27.95	—0.05

GAS OIL FUTURES

July	215.25	+0.25	217.50-216.2
Aug	218.25	—0.50	[illegible] 218.0
Sept	222.00	—0.50	224.75-221.7
Oct	226.00	—0.25	228.00-225.7
Nov	230.00	—	232.25-229.5
Dec	233.75	—0.25	234.50-33.25
Jan	233.75	—	234.75-33.75
Feb	232.00	—0.50	—
March	230.00	—	—

Turnover: 3,361 (3,434) lots of 100 tonnes.

GOLD MARKETS

Gold rose $½ to $343-343¾ on the London bullion market yesterday. It opened at $346¼-347¼, and was fixed at $345 in the morning, and $344.20 in the afternoon. The metal touched a peak of $347½-348½, and a low of $343-343¾.

In Paris the 12½ kilo gold bar was fixed at FFr 97,000 per kilo ($345.03 per ounce) in the afternoon, compared with FFr 97,000 ($345.61) in the morning, and FFr 96,600 ($341.39) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,560 per kilo ($344.98 per ounce), against DM 31,350 ($340), and closed at $344-344½, compared with $342½-343.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $345.75 per ounce, against $337.35.

In Zurich gold finished at $343½-344½, compared with $343-344.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Aug	344.00-44.20	+0.49	347.80-43.10
Oct	350.60-50.80	+1.00	354.60-49.80
Dec	357.80-57.60	+0.55	358.50-56.60
Feb	364.70-64.90	+0.90	365.70
April	371.50-71.80	—1.30	—
June	378.40-78.50	—	—

Turnover: 607 (557) lots of 100 troy ounces.

	July 26		July 25	
Gold Bullion (fine ounce)				
Close	$343-343¾	(£257¾-258¼)	$343 343½	(£256¾-257¼)
Opening	$346¼-347¼	(£258¾-259¼)	$335¾-336¼	(£253¼-253¾)
Morning fixing	$345	(£258.272)	$337.50	(£254.659)
Afternoon fixing	$344.20	(£258.408)	$341.75	(£256.869)

Gold and Platinum Coins July 26

EUROPEAN MARKETS

AMERICAN MARKETS

NEW YORK, July 26.

Renewed strength to the dollar along with expectations of low inflation left gold and silver sharply lower, reports Heinold Commodities. Copper and aluminium also showed sharp losses in reaction to the sharp decline in precious metals. Sugar was steady on a lack of fresh selling as light dealer support emerged. Cocoa was sharply lower on a prominent trade report indicating favourable new crop prospects. Coffee declined due to technical selling and disappointed long liquidation on the lack of a freeze threat. Cotton came under pressure from light selling in sympathy with precious metals. Heating oil was under pressure on reports that Nigeria will continue to produce above its allotted quota. Wheat and maize benefited from rumours of Russian purchases. Soyabeans showed sharp losses on forecasts of rain, which aided new crop prospects.

NEW YORK

CHICAGO

[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar pauses for breath

Currency markets adopted a mood of uncertainty yesterday, following Wednesday's comments by Mr Paul Volcker, Chairman of the Federal Reserve Board. The dollar recovered from the day's lows but still finished down from Wednesday's closing levels in London. Initial reaction to Mr Volcker's statement had produced a weaker trend but in an attempt to read between the lines, the market failed to reach any clear consensus.

Consequently the extent of the dollar's drift was restricted by those fundamentals such as high interest rates, still underpinning the dollar. There was also a great deal of attention centred on the current pace of U.S. economic growth while a relatively high Federal funds rate also provided a temporary boost.

Against this background the dollar recovered from the day's low of DM 2.8315 against the D-mark to close at DM 2.8460, still down from DM 2.8535 on Wednesday. Against the Swiss franc it finished at SwFr 2.4270 compared with SwFr 2.4310 and Y243.70 from Y245.45. It was also lower against the French franc at FFr 8.74 from FFr 8.7550. On Bank of England figures, the dollar's trade weighted index fell from 136.7 to 136.3.

STERLING — Trading range against the dollar in 1984 is 1.4905 to 1.3065. June average 1.3773. Trade weighted index 79.0 against 79.1 at noon and 79.2 in the morning and compared with 79.2 on Wednesday and 82.0 six months ago.

The pound lost ground against most currencies in rather quiet trading. There was a brief upward correction on news of *better than expected UK trade* figures but this failed to have any lasting effect. Sterling closed at $1.3305-1.3315 against the dollar, a fall of 15 points from Wednesday. It was also lower against the D-mark at DM 3.7875 from DM 3.8025 and SwFr 3.2300 from SwFr 3.24. Against the yen it slipped to Y324.0 from Y327.0 and FFr 11.6350 compared with FFr 11.6650.

D-MARK — Trading range against the dollar in 1984 is 2.8760 to 2.5535. June average 2.7393. Trade-weighted index 124.4 against 123.4 six months ago.

The D-mark gained ground against most major currencies, including the dollar, at the Frankfurt fixing. The U.S. currency fell to DM 2.8435 from *DM 2.8671 at the fixing, but was* up from the opening level of DM 2.8375. The Bundesbank sold $32.45m, compared with $17.75m on Wednesday. A weakening of the dollar was triggered by Mr Volcker's testimony to Congress on Wednesday, but the U.S. unit found support at around DM 2.8315 and was pushed higher by short covering. Sterling fell to *DM 3.7940 from DM 3.7990 at the* fixing, and the Swiss franc to DM 1.1739 from DM 1.1743. Within the EMS the French franc fell to DM 32.58 per 100 francs from DM 32.585, but the Belgian franc firmed to DM 4.9490 per 100 francs from DM 4.9480.

JAPANESE YEN — Trading range against the dollar in 1984 is 246.90 to 233.10. June average 234.0. Trade-weighted index 153.2 against 157.3 six months ago.

The yen improved against the dollar in Tokyo as sentiment became bearish following Mr Volcker's comments about monetary policy and slow down in U.S. economic growth in the second half of the year. The dollar fell to Y243.40 from Y245.95, after opening at Y244.25. Apart from the testimony of the Federal Reserve Board chairman the yen was also helped by rumours of possible moves by the Japanese Government to prevent the outflow of funds into high interest investments overseas. On the other hand it was suggested that any move is unlikely because it would stimulate too much criticism.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.2787	+0.84	+0.80	±1.5447
Danish Krone ...	8.14104	8.18686	+0.56	+0.52	±1.6425
German D-Mark	2.24184	2.23972	−0.09	−0.13	±1.0642
French Franc ...	6.87456	6.87586	+0.02	−0.02	±1.4052
Dutch Guilder ...	2.52595	2.52948	+0.14	+0.10	±1.4964
Irish Punt	0.72569	0.727714	+0.28	+0.24	±1.6699
Italian Lira	1403.49	1377.14	−1.88	−1.88	±4.1505

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ in New York (latest)

	July 26	Prev. close
Spot	$1.3245-3255	$1.3355-3365
1 month	0.10-0.07 pm	0.10-0.05 pm
3 months	0.08pm-.04dis	0.06-0.03 pm
12 months	1.30-1.40 dis	1.25-1.35 dis

THE POUND SPOT AND FORWARD

July 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3225-1.3395	1.3305-1.3315	0.10-0.05c pm	0.68	0.08-0.03 pm	0.16
Canada	1.7460-1.7760	1.7480-1.7490	0.02c pm-0.09 dis	−0.24	0.24-0.37dis	−0.70
Nethlnd.	4.27¼-4.29½	4.27¼-4.28¼	2⅛-1⅞c pm	5.96	6⅛-5⅝ pm	5.49
Belgium	76.45-76.80	76.55-76.65	10-2c pm	0.94	16-7 pm	0.60
Denmark	13.82-13.87¼	13.83¾-13.84¾	2.50-1.30ore pm	1.65	3.85-2.65 pm	0.94
Ireland	1.2310-1.2345	1.2310-1.2320	0.07c pm-0.10 dis	−0.15	0.17-0.36dis	−0.86
W. Ger.	3.78¾-3.80½	3.78¾-3.79¾	2¼-2pf pm	6.73	5⅞-5⅝ pm	6.07
Portugal	195.20-202.15	195.40-200.95	180-580c dis	−23.31	465-1205dis	−16.85
Spain	213.80-214.75	213.85-214.05	30-60c dis	−2.52	160-200 dis	−3.27
Italy	2323¼-2334½	2329-2331	3-6 lire dis	−2.32	17-21 dis	−3.26
Norway	10.93½-10.98	10.95-10.96	par-1ore dis	−0.55	1½-2½ dis	−0.73
France	11.61-11.67	11.63-11.64	¾-¼c pm	0.45	⅛-⅞ dis	−0.15
Sweden	11.02¼-11.08	11.04-11.05	0.60-1.70ore dis	−1.25	3.00-4.10dis	−1.29
Japan	323½-326	323½-324½	1.70-1.57y pm	6.05	4.58-4.42 pm	5.55
Austria	26.54-26.67	26.55-26.60	13½-11⅞gro pm	5.73	34½-30½ pm	4.90
Switz.	3.22½-3.25	3.22½-3.23½	2-1¾c pm	6.96	5⅝-5½ pm	6.86

Belgian rate is for convertible francs. Financial franc 77.30-77.40. Six-month forward dollar 0.31-0.36c dis. 12-month 1.25-1.40c dis.

THE DOLLAR SPOT AND FORWARD

July 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3225-1.3395	1.3305-1.3315	0.10-0.05c pm	0.68	0.08-0.03 pm	0.16
Ireland†	1.0795-1.0870	1.0800-1.0810	0.11-0.06c pm	0.89	0.40-0.28 pm	1.26
Canada	1.3115-1.3150	1.3130-1.3140	0.10-0.12c dis	−1.00	0.28-0.31dis	−0.90
Nethlnd.	3.2005-3.2215	3.2140-3.2150	1.47-1.42c pm	5.38	4.32-4.27 pm	5.33
Belgium	57.40-57.65	57.55-57.60	1c pm-1 dis	—	6-3 pm	0.31
Denmark	10.39-10.41½	10.39½-10.40½	1.10-0.60ore pm	0.98	2.25-1.75 pm	0.77
W. Ger.	2.8315-2.8525	2.8455-2.8465	1.44-1.39pf pm	5.96	4.28-4.23 pm	5.98
Portugal	147½-150	149-150	150-450c dis	−24.16	350-900dis	−16.78
Spain	160.40-161.10	160.80-160.90	40-75c dis	−4.29	110-185 dis	−3.67
Italy	1743-1762½	1750½-1751½	4-4½ lire dis	−2.91	13½-14½dis	−3.25
Norway	8.22-8.24	8.22¾-8.23¼	0.65-1.15ore dis	−1.31	1.30-1.80dis	−0.75
France	8.6920-8.7580	8.7375-8.7425	par-0.20c dis	−0.14	par-0.50 dis	−0.11
Sweden	8.29-8.30½	8.29½-8.30	1.10-1.60ore dis	−1.95	2.75-3.25dis	−1.45
Japan	242.80-243.95	243.65-243.75	1.14-1.11y pm	5.54	3.34-3.30 pm	5.45
Austria	19.94-20.02½	19.99-20.00	8.20-7.70gro pm	4.77	24.75-22.75pm	4.75
Switz.	2.4150-2.4315	2.4265-2.4275	1.35-1.30c pm	6.54	4.16-4.11 pm	6.81

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 58.10-58.15.

OTHER CURRENCIES

July 26	£	$		£ Note Rates
Argentina Peso	78.42-78.47	59.03-59.09	Austria	26.50-26.80
Australia Dollar	1.5780-1.5810	1.1875-1.1890	Belgium	76.95-77.75
Brazil Cruzeiro	2,484.3-2,498.1	1,870-1,879	Denmark	13.81-13.95
Finland Markka	7.9680-7.9900	6.0050-6.0100	France	11.60-11.72
Greek Drachma	150.30-150.70	112.40-112.70	Germany	3.78-3.81
Hong Kong Dollar	10.42-10.43	7.8350-7.8400	Italy	2320-2350
Iran Rial	119.80*	90.60*	Japan	324-329
Kuwait Dinar(KD)	0.3947-0.3956	0.2967-0.2971	Netherlands	4.26½-4.30½
Luxembourg Fr.	76.55-76.65	57.55-57.60	Norway	10.93-11.04
Malaysia Dollar	3.0930-3.0990	2.3255-2.3270	Portugal	195-200
New Zealand Dlr.	2.6575-2.6685	1.9960-2.0000	Spain	207-216½
Saudi Arab. Riyal	4.6705-4.6755	3.5105-3.5115	Sweden	11.05-11.14
Singapore Dollar	2.8460-2.8520	2.1400-2.1415	Switzerland	3.22-3.25
Sth African Rand	2.0510-2.0555	1.5410-1.5445	United States	1.32¾-1.34¾
U.A.E. Dirham	4.8855-4.8905	3.6720-3.6730	Yugoslavia	189-205

* Selling rate.

CURRENCY MOVEMENTS

July 26	Bank of England Index	Morgan Guaranty Changes%
Sterling	79.0	−11.5
U.S. dollar	136.3	+25.7
Canadian dollar	88.9	−3.8
Austrian schilling	114.6	+4.2
Belgian franc	90.1	−10.7
Danish Kroner	77.6	−6.2
Deutsche mark	124.4	+7.7
Swiss franc	140.6	+7.0
Guilder	113.5	+3.7
French franc	65.7	−15.5
Lira	48.1	−12.6
Yen	153.2	+10.4

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

July 25	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.765559	0.590068
U.S. $	9	1.02095	0.787387
Canadian $	13.24	*	1.03321
Austria Sch.	4½	20.3822	15.7241
Belgian Fr	11	58.7199	45.2787
Danish Kr.	7	10.6066	8.18686
D'mark	4½	2.90307	2.23972
Guilder	5	3.28082	2.52948
French Fr.	9½	8.92719	6.87586
Lira	15½	1786.62	1377.14
Yen	5	249.939	191.669
Norwgn Kr.	8	8.39987	6.47429
Spanish Pta.	—	164.068	126.628
Swedish Kr.	9	84.5857	6.53059
Swiss Fr	4½	2.47376	1.90902
Greek Dr'ch	20½	115.076	88.6204
Irish Punt	12¾	0.943577	0.727714

* C$/SDR rate for July 25: 1.33547

EXCHANGE CROSS RATES

July 26	Pound St'rling	U.S. Dollar	Deutsche m'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.331	3.788	324.0	11.636	3.230	4.278	2330.	1.749	76.60
U.S. Dollar	0.751	1.	2.846	243.7	8.740	2.427	3.215	1751.	1.314	57.58
Deutschemark	0.264	0.351	1.	85.54	3.072	0.853	1.129	615.2	0.462	20.22
Japanese Yen 1,000	3.086	4.108	11.69	1000.	35.91	9.969	13.20	7191.	5.397	236.4
French Franc 10	0.859	1.144	3.255	278.5	10.	2.776	3.676	2003	1.503	65.84
Swiss Franc	0.310	0.412	1.173	100.3	3.602	1.	1.324	721.4	0.541	23.72
Dutch Guilder	0.234	0.311	0.885	75.75	2.720	0.755	1.	544.7	0.403	17.91
Italian Lira 1,000	0.429	0.571	1.626	139.1	4.994	1.386	1.836	1000.	0.750	32.88
Canadian Dollar	0.572	0.761	2.166	185.3	6.654	1.847	2.446	1333.	1.	43.81
Belgian Franc 100	1.305	1.738	4.945	423.0	15.19	4.217	5.584	3042.	2.283	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Kroner
Short term	12¼-12½	11⅛-11¼	11⅛-11⅝	5¾-5⅞	½-¾	5 5/16-5 9/16	11-11¼	14½-15½	10¾-11¼	10¾-11¼	6-6⅛	10 7/16-10⅞
7 days' notice	12 3/16-12 5/16	11 1/16-11 3/16	11⅛-12	5⅞-6	9¼ 9½	5¼-5⅜	11⅛-11⅝	12-13	11-11½	11¼-11½	6-6⅛	9 7/16-11
Month	12 5/16-12 7/16	11 7/16-11 9/16	12-12⅛	6 1/16-6 3/16	4 9/16-4 11/16	5⅜ 5½	11⅜-11⅝	14⅛-14⅝	11¼-11⅝	11⅜-11⅝	6 1/16-6 3/16	10⅝-11¼
Three months	12 -12⅛	11 11/16-11 13/16	12 7/16-12⅝	6⅜-6½	4¾-4⅞	5 7/16-5 9/16	11¾-12	14⅞-15⅝	11¼-11¾	11½-11¾	6 5/16-6 7/16	11 5/16-11 7/16
Six months	11 13/16-11 15/16	12¼-12⅜	12 13/16-13⅛	6 7/16-6 9/16	4⅞-5	6 1/16-6 3/16	12¾-13	16-16⅜	11½-12	11⅝-11⅞	6 5/16-6 7/16	11 11/16-12
One year	11¾-11⅞	12¾-12⅞	13 7/16-13⅝	6 11/16-7 1/16	4⅞-5	6½-6⅝	13 11/16-13 15/16	16¼-17	12-12½	11⅞-12⅛	6 5/16-6 7/16	12-12½

Asian $ (closing rates in Singapore): Short-term 11-11⅛ per cent; seven days 11 5/16-11 9/16 per cent; one month 11 9/16-11 11/16 per cent; three months 11¾-11⅞ per cent; six months 12⅜-12½ per cent; one year 12¾-12⅞ per cent. Long-term Eurodollars: two years 13⅜-13⅝ per cent; three years 13¾-14 per cent; four years 13⅞-14⅛ per cent; five years 14-14¼ per cent nominal closing rate. Short-term rates are call for U.S. dollars and Japanese yen: others two days' notice.

MONEY MARKETS

UK rates slightly easier where changed

Interest rates were slightly easier where changed in London yesterday. There was little activity for much of the day but longer term rates showed a slightly softer touch in the afternoon, helped by better than expected UK trade figures. There appeared to be little clear direction however with sterling easing a little against the dollar and most other currencies.

Short term rates remained firm as the Bank of England gave assistance to the market some way below the day's forecast shortage. Overnight interbank money opened at 12½-12¼ per cent and traded down to 11⅞-12 per cent before picking up in the afternoon to around 13 per cent. Three-month interbank rates were quoted at 12-12 3/16 per cent down from 12 3/16-12¼ per cent while three-month eligible bank bills were bid at 11 21/32 per cent compared with 11¾-11 23/32 per cent.

The Bank of England forecast a shortage of around £350m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £171m and Exchequer transactions a further £180m. There was also a rise in the note circulation of £25m. On the other hand banks brought forward balances £30m above target.

Assistance by the Bank in the morning totalled £236m and comprised purchases of £36m of eligible bank bills in band 1 (up to 14 days) at 12 per cent and £73m in band 2 (15-33 days) at 11⅞ per cent. In band 3 (34-63 days) it bought £2m of eligible bank bills at 11¾ per cent. It also arranged sale and repurchase agreements on £125m of bills at 11⅞ per cent, unwinding on August 13.

There was no further assistance in the afternoon but the Bank did provide late help of £40m, making a total of £276m.

In Paris the Bank of France left its money market intervention rate unchanged at 11¼ per cent when adding fresh liquidity to the money market. The injection of funds came through purchases of first category paper, effective from today. In the money market call money eased to 11⅛ per cent from 11¼ per cent on Wednesday while longer term rates were unchanged.

UK clearing banks' base lending rate 12 per cent (since July 12-13)

MONEY RATES

July 26	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.50-5.55	11¼	½-1½	5⅝-5¾	6.15625	16¼-16⅝	11.00	12 -12¼
One month	5.75-5.90	11⅛-11⅝	4 11/16-4 13/16	6 5/16-6⅛	6.21875	16⅜-16⅝	11¼-11½	12½-12¾
Two months	5.85-6.00	11 9/16-11 11/16	—	—	—	—	—	12¾-13
Three months	5.95-6.15	11⅝-11¾	4 11/16-4 13/16	6⅜-6½	6.34375	16⅝-17	11⅛-11¾	13⅛-13⅜
Six months	6.25-6.45	11 15/16-12 1/16	—	6 7/16-6 9/16	—	—	11⅝-11⅞	13⅝-13⅞
Lombard	5.5	—	—	—	—	—	—	—
Intervention	—	11¼	—	5¾	—	—	—	—

LONDON MONEY RATES

Discount Houses Deposit and Bill Rates

July 26 1984	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11⅞-13	12¼	12¼-12½	11½-12⅛	—	—	—	—	—
2 days notice	—	—	12⅛-12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅛-12¼	12⅛-12¼	12⅜-12½	12-12⅛	—	—	—	—	—
One month	12 3/16-12 5/16	12 3/16-12 5/16	12⅛	12⅜-12½	12	11⅞	11¾	11 13/16	11 27/32	12 17/32
Two months	12 3/16-12 5/16	12 3/16-12¼	12	12¼	11¾	11¾	11⅝	11¾-11 13/16	11 23/32	12⅜
Three months	12-11⅞	12-12 3/16	12	12¼	11⅛	11⅝	11½	11 23/32	11 11/16	12 3/32
Six months	11 13/16-11 15/16	11 15/16 12	11⅞	—	—	—	—	11 9/16	11	11 15/16
Nine months	11½ 11⅝	11¾-12	—	—	—	—	—	—	—	—
One year	11 15/16-11 13/16	11¾-12	11⅜	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12¾-12⅝	—	12 3/16	11.25-11.55	9⅝-9⅞	9 7/16-9½
Two months	12⅝-12¼	—	12⅛	11.45-11.55	9¾-10	9 11/16-9⅝
Three months	12½-12¼	—	11⅞	11.5-11.6	9 13/16-10 1/16	9 11/16-9¾
Six months	11⅞-11⅝	—	11⅞	11.85-12.05	10⅜-10⅝	10 5/16-10¼
Nine months	12⅛-11¾	—	11⅞	12.1-12.3	—	—
One year	12⅛-11¾	—	11⅞	12.5-12.7	10 13/16-11 1/16	10 7/16-10½
Two years	—	11⅞	—	—	—	—
Three years	—	12	—	—	—	—
Four years	—	12⅛	—	—	—	—
Five years	—	12¼	—	—	—	—

ECGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period June 6 to July 3 1984 (inclusive): 9.488 pr cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 9½ per cent from July 1 1984. London and Scottish Clearing Bank Rates for lending 12 per cent. London Deposit Rate for sums at seven days' notice 8¾-9 per cent. Treasury Bills: Average tender rate of discount 11.3381 per cent. Certificates of Tax Deposit (Series 8). Deposit of £100,000 and over held under one month 12½ per cent; one-three months 12¼ per cent; three-six months 12¼ per cent; six-nine months 12¼ per cent; nine-12 months 12¼ per cent. Under £100,000 11¾ per cent from July 23. Deposits held under Series 4-5 12¼ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

LONDON INTERBANK FIXING (11.00 a.m. July 26)

3 months U.S. dollars	
bid 11 11/16	offer 11 15/16

6 months U.S. dollars	
bid 12 1/4	offer 12 5/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	13
Broker loan rate	12-12½
Fed funds	11¼
Fed funds at intervention	—

Treasury Bills

One month	9.47
Two month	9.72
Three month	10.24
Six month	10.52
One year	10.72

Treasury Bonds

Two year	100 1/32
Three year	99 15/32
Four year	102 9/16
Five year	103 11/16
Seven year	103 15/16
10 year	101 1/16
30 year	103 7/16

FINANCIAL FUTURES

Continuing firm

The firmer tone seen on the London International Financial Futures Exchange Wednesday continued yesterday as the market further digested the testimony of Mr Paul Volcker, chairman of the Federal Reserve Board, before the U.S. Senate Banking Committee.

A lower opening by the U.S. Treasury bond contract reflected some disappointment at the result of the U.S. Treasury two-year note auction, but this was shortlived and September delivery finished the day firmer at 64-10, compared with an opening of 63-28, and a previous settlement figure of 62-31.

Stock index futures for September finished below the opening level, but above the previous settlement. The mood of trading was cautious but the contract gained some benefit from encouraging half yearly results from ICI.

Gilts for September delivery opened firm at 100-09, but as with most other contracts failed to follow through, finishing only slightly firmer on the day at 99-18, compared with 99-12 on Wednesday. A downward drift by sterling on the foreign exchanges, after a firm start depressed the contract, which also failed to gain any upward momentum from better than expected UK trade figures for June.

Three-month sterling deposits traded in a fairly narrow range, limited by fears that British interest rates can not be reduced for some time. Eurodollar's suffered from a similar limitation because of the high level of Federal funds in New York, but ended firmer on the day.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Sept	88.31	88.37	88.20	88.20
Dec	87.74	87.77	87.62	87.58
March	87.35	87.36	87.24	87.22
June	87.07	87.07	87.00	86.95
Sept	86.87	—	—	86.76

Est volume 7,227 (6,478)
Previous day's open int 12,629 (12,898)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Sept	88.81	88.85	88.73	88.71
Dec	88.90	88.90	88.78	88.70
March*	88.60	88.62	88.50	88.38
June*	88.37	88.37	88.35	88.12

Est volume 1,579 (2,476)
Previous day's open int 9,065 (8,853)
*£500,000 points of 100%

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Sept	99-18	100-10	99-10	99-12
Dec	98-26	99-15	98-26	98-19
March	98-08	98-25	98-08	98-01
June	97-16	—	—	97-09

Est volume 4,412 (2,718)
Previous day's open int 5,135 (4,958)
Basis quote (clean cash price of 13½% Treasury 2003 less equivalent price of near futures contract) 08 to 16 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3300	1.3385	1.3288	1.3325
Dec	1.3320	1.3380	1.3308	1.3348
March	1.3365	—	—	1.3393

Est volume 266 (82)
Previous day's open int 2,631 (2,647)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3538	0.3554	0.3530	0.3534
Dec	0.3590	—	—	0.3586

Est volume 52 (47)
Previous day's open int 342 (345)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4151	—	—	0.4151
Dec	0.4225	—	—	0.4229

Est volume nil (nil)
Previous day's open int 2,290 (2,290)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4129	0.4139	0.4129	0.4103
Dec	0.4187	—	—	0.4167

Est volume 28 (10)
Previous day's open int 224 (224)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
Sept	100.20	100.50	99.75	99.35
Dec	100.35	100.35	100.15	99.45
March	100.50	—	—	99.60

Est volume 511 (266)
Previous day's open int 1,087 (1,101)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	64-10	64-10	63-27	62-31
Dec	63-23	63-25	63-13	62-13
March	63-08	—	—	61-30

Est volume 1,062 (1,193)
Previous day's open int 1,375 (1,388)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	64-08	64-12	63-28	64-07
Dec	63-21	63-25	63-09	63-20
March	63-06	63-10	62-27	63-06
June	62-27	62-30	62-17	62-26
Sept	62-18	62-19	62-08	62-17
Dec	62-09	62-10	62-01	62-10
March	62-02	62-03	61-24	62-02
June	61-27	61-29	61-19	61-29

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	89.58	89.59	89.52	89.57
Dec	89.06	89.06	88.94	89.00
March	88.62	88.63	88.50	88.54
June	88.31	88.32	88.21	88.24
Sept	88.11	88.11	87.98	88.03
Dec	87.94	87.94	87.84	87.86
March	87.80	87.80	87.70	87.72
June	87.67	87.67	87.58	87.61

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.43	88.46	88.31	88.40
Dec	87.88	87.93	87.74	87.82
March	87.46	87.48	87.34	87.41
June	87.17	87.17	87.04	87.10

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Sept	88.00	88.04	87.89	87.98
Dec	87.42	87.51	87.29	87.38
March	87.01	87.08	86.90	86.96
June	86.73	86.76	86.61	86.67
Sept	86.52	86.52	86.42	—
Dec	86.34	—	—	86.28

STERLING (IMM) Se per £

	Latest	High	Low	Prev
Sept	1.3300	1.3340	1.3275	1.3315
Dec	1.3325	1.3370	1.3295	1.3345
March	1.3380	1.3400	1.3380	1.3390
June	1.3400	1.3400	—	1.3440

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	66-19	66-24	66-13	66-21
Dec	65-20	65-22	65-12	65-20
March	64-20	64-22	64-16	64-20
June	—	—	—	63-31
Sept	—	—	—	63-14
Dec	—	—	—	63-01
June	—	—	—	62-16

Company Notices

CITICORP BANK (LUXEMBOURG) S.A.
FORMERLY NAMED
CITIBANK (LUXEMBOURG) S.A.

Notice is hereby given, that with effect from June 19th, 1984, Citibank (Luxembourg) S.A. which was incorporated as a bank in Luxembourg on February 2nd, 1970, has changed its corporate name to Citicorp Bank (Luxembourg) S.A.

The change in corporate name does not entail any change in the corporate or capital structure of the bank in Luxembourg.

All duties, responsibilities and operations as Fiscal Agent, Principal Paying Agent, Paying Agent, Conversion Agent, Authentication Agent, Registrar, Transfer Agent, Agent Bank and Warrant Agent, previously undertaken under the former name of Citibank (Luxembourg) S.A., are now carried out under the name of Citicorp Bank (Luxembourg) S.A.

The address for all communications is unchanged. July 27th, 1984

By: Citicorp Bank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg

LJUBLJANSKA BANKA
FL.R. 1978/1985

For six months, July 23, 1984 to January 22, 1985 the notes will carry an interest rate of 13,75% per annum.

The interest due on January 23, 1985 against coupon number 13 will be $US 70,28 and has been computed on the actual number of days elapsed (184) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE
ALSACIENNE
DE BANQUE
LUXEMBOURG BRANCH

KINGDOM OF DENMARK

7½% 1972/1987
FF 100,000,000 BONDS

NOTICE IS HEREBY GIVEN to Bondholders of the above Loan that the amount redeemable on September 1, 1984, i.e. FF 6,000,000 was bought in the market.

Amount outstanding: FF 46,000,000.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
July 27, 1984.

GRINDLAYS EUROFINANCE B.V.

US$25,000,000
GUARANTEED FLOATING RATE
CAPITAL NOTES 1988

NOTICE IS HEREBY GIVEN that the Rate of Interest has been fixed at 12 11/16% p.a. and that the interest payable on the relevant Interest Payment Date, January 28, 1985 against Coupon No. 9 in respect of US$10,000 nominal of the Notes will be US$658.42.

By: CITIBANK N.A.,
London, Agent Bank.

July 27, 1984

IU INTERNATIONAL CAPITAL CORPORATION N.V.
U.S.$85,000,000 RETRACTABLE FLOATING RATE NOTES DUE 1992

NOTICE IS HEREBY GIVEN that for the Initial Interest Period commencing July 26th, 1984 the Notes will bear interest at the rate of 12 9/16% per annum. The interest payable on October 26th, 1984 against Coupon No. 1 will be U.S.$321.04 per U.S.$10,000 Note.

Agent Bank
ORION ROYAL BANK LTD

HARRISONS MALAYSIAN PLANTATIONS BERHAD
(Incorporated in Malaysia)

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of the Company will be held at The Theatrette, Ground Floor, Bangunan MIDF, Jalan Tun Razak, Kuala Lumpur on Wednesday 22nd August, 1984, at 11.30 a.m. for the following purposes:

1. To receive and consider the Report of the Directors, the Statement of Accounts for the year ended 31st March, 1984, and the Report of the Auditors.
2. To declare a dividend.
3. To approve the Directors' remuneration for the year ended 31st March, 1984.
4. To elect Directors.
5. To appoint Auditors and to authorise the Directors to fix their remuneration.
6. To transact any other ordinary business of the Company.

By Order of the Board.
ZAINAL ABIDIN JAMAL
Secretary

Kuala Lumpur
27th July 1984

A member of the Company entitled to attend and vote at the above meeting may appoint one or more proxies, but not exceeding two, to attend and vote in his stead. Where a member appoints two proxies the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy. A proxy need not be a member of the Company but must attend the meeting in person to vote. The instrument appointing a proxy must be deposited at the Company's registered office not less than 48 hours before the time for holding the meeting or any adjournment thereof.

If the dividend is approved at the Annual General Meeting it is intended that the warrants be payable on 4th January 1985 to shareholders registered in the books of the Company at the close of business on 6th December, 1984.

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The Table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, July 25, 1984. The Exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for particular transactions.

Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of July 25 at 11.00 a.m.
3 months: 12 6 months: 12 9/16

ECU=$US.781404 SDR1=$US1.01676
Sibor as of July 25 at 11.00 a.m.
3 months: 12 6 months: 12⅝

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	50.60
Albania	Lek	7.6844
Algeria	Dinar	5.005
Andorra	Fr. Franc	8.799
	Sp. Peseta	161.70
Angola	Kwanza	30.214
Antigua	E. Caribbean $	2.70
Argentina	New Peso (o)	57.749
Australia	Dollar	1.2051
Austria	Schilling	20.125
Azores	Port. Escudo	150.50
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is	Sp. Peseta	161.70
Bangladesh	Taka	24.20
Barbados	Dollar	2.0113
Belgium	Franc (C)	57.957
	Franc (F)	58.395
Belize	Dollar	2.00
Benin	C.F.A. Franc	439.95
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	11.47
Bolivia	Peso (o)	2000.00
Botswana	Pula (9)	1.3596
Brazil	Cruzeiro (o)	1837.50
Brunei	Dollar	2.1532
Bulgaria	Lev	1.007
Burma	Kyat	8.0044
Burundi	Franc	120.677
Cameroun Rp.	C.F.A. Franc	439.95
Canada	Dollar	1.3185
Canary Is.	Sp. Peseta	161.70
Cape Verde Is	Escudo	80.00
Cayman Is.	Dollar	0.835
Cen. Africa Rep	C.F.A. Franc	439.95
Chad	C.F.A. Franc	439.95
Chile	Peso (O)	92.08
China	Renminbi Yuan	2.3201
Colombia	Peso (O)	102.09
Comoros	C.F.A. Franc	439.95
Congo Pple Rep. of	C.F.A. Franc	439.95
Costa Rica	Colon	44.00
Cuba	Peso	0.8602
Cyprus	Pound*	1.6878
Czechoslovakia	Koruna (O)	6.55
Denmark	Krone	10.472
Djibouti Rp. of	Franc	178.479
Dominica	E. Caribbean $	2.70
Domin. Rep.	Peso	1.00
	Peso (d)	2.79
Ecuador	Sucre (o)	65.00
	Sucre (d)	91.15
	Sucre (f)	90.05
Egypt	Pound* (O)	1.4286
	Pound*	1.1965
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	323.40
Ethiopia	Birr (O)	2.0382
Faeroe Is'd	Dan. Krone	10.472
Falkland Is'd	Pound*	1.3247
Fiji	Dollar	1.1242
Finland	Markka	6.038
France	Franc	8.799
Fr. C'ty in Af	C.F.A. Franc	439.95
Fr. Guiana	Franc	8.799
Fr. Pac. Is'd	C.F.P. Franc	159.982
Gabon	C.F.A. Franc	439.95
Gambia	Dalasi	3.7744
Germany (E)	Ostmark (O)	2.8675
Germany (W)	Mark	2.8675
Ghana	Cedi	35.00
Gibraltar	Pound*	1.3247
Greece	Drachma	113.05
Greenland	Dan. Krone	10.472
Grenada	E. Caribbean $	2.70
Guadaloupe	Franc	8.799
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	82.6688
Guinea Rep.	Syli	24.2785
Guyana	Dollar	3.75
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	7.8525
Hungary	Forint	49.049
Iceland	Krona	30.35
India	Rupee	11.47
Indonesia	Rupiah	1024.00
Iran	Rial (O)	90.7789
Iraq	Dinar	0.3109
Irish Rep	Punt*	1.0732
Israel	Shekel	240.33
Italy	Lira	1760.00
Ivory Coast	C.F.A. Franc	439.95
Jamaica	Dollar (o)	3.97
Japan	Yen	246.05
Jordan	Dinar	0.3814
Kampuchea	Riel	n.a.
Kenya	Shilling	14.1796
Kiribati	Aust. Dollar	1.2051
Korea (Nth)	Won	0.94
Korea (Sth)	Won	811.70
Kuwait	Dinar	0.2993
Lao P'pls D. Rep.	Kip	35.00
Lebanon	Pound	6.04
Lesotho	Loti	1.5674
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n.	Sw. Franc	2.443
Luxembourg	Lux. Franc	57.957
Macao	Pataca	8.1627
Madagascar D. R.	Franc	604.667
Madeira	Port. Escudo	150.50
Malawi	Kwacha	1.4391
Malaysia	Ringgit	2.3463
Maldive Is.	Rufiyaa (O)	3.93
	Rufiyaa (M)	7.05
Mali Rp	Franc (3)	879.90
	C.F.A. Franc (2)	439.95
Malta	Pound*	2.1552
Martinique	Franc	8.799
Mauritania	Ouguiya	57.03
Mauritius	Rupee	13.65
Mexico	Peso (d)	187.22
	Peso (e)	169.80
Miquelon	Fr. Franc	8.799
Monaco	Fr. Franc	8.799
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.70
Morocco	Dirham	8.74
Mozambique	Metica	42.564
Namibia	S.A. Rand	1.5674
Nauru Is	Aust. Dollar	1.2051
Nepal	Rupee	16.10
Netherlands	Guilder	3.237
Neth Ant'les	Guilder	1.80
New Zealand	Dollar (8)	2.0137
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	439.95
Nigeria	Naira	0.7662
Norway	Krone	8.277
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	14.0678
Panama	Balboa	1.00
Papua N.G.	Kina	0.9217
Paraguay	Guarani (o,c)	240.00
	Guarani (d)	406.00
Peru	Sol (o)	3515.63
Philippines	Peso (5)	18.065
Pitcairn Is	N.Z. Dollar	2.0157
Poland	Zloty (O)	113.80
Portugal	Escudo	150.50
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.641
Reunion, Ile de la	Fr. Franc	8.799
Romania	Leu (O)	4.75
Rwanda	Franc	101.017
St. Christopher	E. Caribbean $	2.70
St. Helena	Pound*	1.3247
St. Lucia	E. Caribbean $	2.70
St. Pierre	Fr Franc	8.799
St. Vincent	E. Caribbean $	2.70
Samoa (Western)	Tala	2.085
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1760.00
Sao Tome & Principe DR	Dobra	44.5043
Saudi Arabia	Riyal (4)	3.51
Senegal	C.F.A. Franc	439.95
Seychelles	Rupee	7.1153
Sierra Leone	Leone	2.51
Singapore	Dollar	2.1532
Solomon Is.	Dollar	1.3129
Somali Rep	Shilling	16.2981
South Africa	Rand	1.5674
Spain	Peseta	161.70
Span. Ports in N. Africa	Sp. Peseta	161.70
Sri Lanka	Rupee	25.23
Sudan Rep	Pound*	0.7692
Surinam	Guilder	1.785
Swaziland	Lilangeni	1.5674
Sweden	Krone	8.33
Switzerland	Franc	2.443
Syria	Pound (O)	3.925
Taiwan	Dollar (O)	39.47
Tanzania	Shilling (7)	17.15
Thailand	Baht	22.98
Togo Rep	C.F.A. Franc	439.95
Tonga Is	Pa'anga	1.2051
Trinidad & Tobago	Dollar	2.409
Tunisia	Dinar	0.7575
Turkey	Lira	379.97
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	1.2051
Uganda	Shilling (6)	337.28
United Arab Emir.	Dirham	3.6727
Utd. Kingdom	Pound Sterling*	1.3247
Upper Volta	C.F.A. Franc	439.95
Uruguay	Peso (m)	64.13
USSR	Rouble	0.825
Vanuatu	Vatu	104.46
Vatican	Lira	1760.00
Venezuela	Bolivar (g)	7.50
	Bolivar (g) (1)	4.30
	Bolivar (o)	12.80
	Bolivar (d)	12.65
Vietnam	Dong (o)	10.2078
Virgin Is. Brit	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	5.45
Yemen PDR.	Dinar	0.3425
Yugoslavia	Dinar	148.269
Zaire Rep.	Zaire	56.9706
Zambia	Kwacha	1.8126
Zimbabwe	Dollar	1.2928

n.a. Not available. (m) Market rate. * U.S. dollars per National Currency unit. (a) Freemarket central bank. (o) Official rate. (b) Freemarket interbank. (c) Commercial rate. (d) Freemarket. (e) Controlled. (f) Financial rate. (g) Preferential rates. (h) Non-essential imports. (i) Floating tourist rate. (1) Venezuela: For debts incurred prior to February 1983. (2) Mali Rep. has rejoined U.M.O.A. and effective June 1. CFA franc is official currency. (3) Mali Rp.: Mali franc remains legal tender for three months from June 1. (4) Saudi Arabia: Riyal revalued from 3.52 to 3.51, June 6. (5) Philippines: Currency allowed to float, June 5. (6) Uganda: June 14, Two-tier system abolished. (7) Tanzania: June 14, Official devaluation of 25.9 per cent. (8) New Zealand: Official devaluation of 20 per cent, July 18. (9) Botswana: Approx. 5 per cent devalution effective July 9. For further information please contact your local branch of the Bank of America.

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 26.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alaska Housing 11¾ 94	100	89½	90	+0½	+0¾	13.78
All Nippon Airways 14 94	100	103¾	104¼	+0⅝	+0¼	13.26
American Savings 12 89	125	96⅝	97⅛	+0½	−0¼	12.89
American Sav 12¼ 89	100	97⅛	97⅝	+0⅝	0	12.98
Australian Ind Dev 11 89	75	91⅛	91¾	+0⅝	+0¾	13.59
Austria Rep 13⅝ 92	100	99½	100	+0⅝	+1	13.67
Bank of Tokyo 13⅝ 91	100	97⅞	98⅛	+0⅝	+0⅞	14.05
Citicorp O/S 11¾ 99	100	†94	94½	+0¼	+0½	12.61
C.N.C.A. 13¼ 91	100	97½	98	+0¾	+0⅞	13.75
Coastfed Int 12¾ 88	125	96⅛	96⅜	+0¾	+0¼	13.44

	Issued	Bid	Offer	Change on day	Change on week	Yield
Tokai Asia 12¼ 91	100	92	92½	+0¾	+0⅞	14.10
World Bank 11⅜ 89	200	93⅜	93⅞	+0⅛	+0¾	13.29
Yasuda Tst&Fin 12⅞ 89	100	93⅞	94⅜	+0½	+0⅝	14.12

Average price change On day +0½ on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Allied Chemical 7½ 94	125	†98¼	99¼	+0⅛	−1	7.88
Amex Int'l 8¼ 91	100	†99	100	−0¼	−0½	8.33
A.N.A.S. 8½ 91	150	†98⅛	99⅛	+0⅛	−1¼	8.74
Austria, Republic 7⅝ 94	200	†94⅝	95⅛	−0¾	−1⅛	8.41
Baxter Travenol 7¼ 94	200	†96	97	+0¾	−0⅞	7.77

OVER-THE-COUNTER

Continued from Page 24

EUROBONDS

Stronger U.S. market sparks erratic demand

BY MAGGIE URRY IN LONDON

EURODOLLAR bonds followed the lead of a strong New York bond market in erratic fashion yesterday. Price rises varied from ¼ to over 1 point in places where dealers were caught short of bonds. The better market encouraged two new issues.

Samuel Montagu launched a $100m deal for a new company Montagu Placements, which is Bermuda-based and ultimately owned by a group of charities. The proceeds are to be swapped into floating rate funds for a mystery borrower.

Aetna Life and Casualty, a triple A credit, is giving a surety bond to the trustees for the bond holders – effectively guaranteeing the deal.

The seven-year bond has a 13¼ percent coupon and is similar in structure to the issue done by Rockefeller Group in May which had the same surety and coupon, but a five-year life. That issue now trades around 102, while the Montagu issue stood around 98½ yesterday, just inside total fees of 1⅞ per cent.

Another warrants deal came from Morgan Stanley, this time for Eksportfinans, the Norwegian company. The $100m issue is a three-year bond with a 13¼ per cent coupon.

The package was priced at 101.85 – 100¼ for the bonds, $16 for the warrants.

The market has become a little tired of warrants and these traded around $13, while the bonds on their own fared better, changing hands around 99¼.

The holiday mood is still prevailing in the Swiss franc market, but prices were helped a little by the weaker dollar. Citicorp Bank (Switzerland) priced the SwFr 10m convertible for the U.S. group Biosearch Medical Products to yield 6½ per cent, with a conversion premium of 5 per cent.

BHF Bank bond average		
July 26		Previous
98.689		98.670
High	1984	Low
100.009		98.056

The D-Mark sector improved on the better New York market and lower dollar, with turnover higher than recent levels. But market expectations that the 25 per cent coupon tax could be lifted by the end of the summer prompted profit-taking in the afternoon.

Asian Development Bank tapped the Samurai market for Y25bn with a 12 year 7.7 per cent bond priced at 99.75 by Daiwa Securities. The terms are lower than recent deals following the improvement in the market.

● A consortium of West German banks will meet on Monday to set terms for a new federal loan stock on the domestic bond market, the Bundesbank said yesterday.

Bond market dealers expect a DM 2bn, 10-year issue at 8¼ per cent with a pricing of around 100¼, yielding around 8.21 per cent – the same conditions as the last federal loan stock. Others said the issue may be priced at par.

The last federal issue was on July 2. Current domestic yields on 10-year paper are between 8.28 and 8.33 per cent.

● The interest rate on 12-month French Treasury bills was set at 11⁷⁄₃₂ per cent when the bank of France sold FFr 3.78bn worth at yesterday's tender, compared with 12⁵⁄₁₆ per cent on April 10.

Bids totalled FFr 6.93bn in response to the bank's original offer of FFr 3bn.

The bank also sold FFr 3.12bn worth of 12-month floating rate bills at between 12/128 and 5/128 points below the average monthly call money rate.

Demand totalled FFr 8.62bn after an original bank offer of FFr 3bn.

WEEKLY U.S. BOND YIELDS (%)

	July 25	July 18	1984 High	1984 Low
Composite Corp. AA	13.60	13.76	14.23	12.19
Government:				
Long-term	12.87	13.12	13.89	11.51
Intermediate	12.87	13.18	13.79	11.33
Short-term	12.58	12.80	13.22	10.70
Municipal	10.57	10.57	11.14	9.48
Industrials AAA	12.93	13.13	13.96	11.79
Industrials AA	13.49	13.68	14.13	12.02
Utilities AA	13.71	13.84	14.45	12.33
Preferred Stocks	12.13	12.09	12.17	11.07

Source: Standard & Poor's